Daily Report

Latin America

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FBIS-LAT-93-245 *23 December 1993*

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Russian Federation Joins ALADI as Observer

PY2112204893 Montevideo EL OBSERVADOR ECONOMICO in Spanish 16 Dec 93 p 9

[Text] Yesterday, Russian Federation Ambassador Boris Golovin presented his credentials to the Committee of Representatives of ALADI [Latin American Integration Association]. Russia thus became an observer at the regional association.

Golovin was met by ALADI Secretary General Antonio Antunes and by the chairman of the ALADI Committee of Representatives, Raimundo Barros Charlin. Upon presenting his credentials Golovin said he was sure that Russia's approach to ALADI would open up new prospects for mutually advantageous cooperation in various areas.

At the Committee of Representatives meeting, Golovin delivered a brief speech in which he voiced his wish that the Russian presence at the Committee be considered "a testimony of friendship and willingness to promote relations with ALADI countries for the sake of common prosperity and well-being."

Cuba

Robaina Comments on Development Summit, Human Rights

FL2312135293 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Dec 93

[Text] A national committee for the World Summit on Social Development has been formally assembled at the Ministry of Foreign Relations. The World Summit on Social Development is going to meet in Copenhagen, Denmark in March of 1995 under UN auspices.

Diverse organizations and institutions are involved in the work of this national committee. These organizations and institutions are in charge of ensuring that, in the documentation Cuba will present at the world forum, our program of social development is properly reflected including profiles such as health, education, and sports, among many others.

[Begin recording] [Unidentified correspondent] Does the formation of this commission for the Summit on Social Development imply a new work plan for Cuba; imply more work, more chores?

[Foreign Minister Roberto Robaina] I think that for many countries in the world perhaps it does mean a new plan and a lot of work. For our country, I think it is nothing more than a point where we can pull a balance, set goals. I think we have done a great deal that we can tell the summit about and Cuba has a lot to present at the summit, even in difficult times.

[Correspondent] There has been talk of the resolutions approved by the United Nations at Cuba's initiative, from Cuba's proposal. Not much has been said, however, ...[pauses] special commissioner, the special UN high commissioner on human rights. The Minrex [Ministry of Foreign Affairs] answer regarding this matter?

[Robaina] Our position regarding the high commissioner has been clear. We said it in Vienna: If the high commissioner... [pauses] if we were absolutely certain that he would do what he is supposed to do without manipulation and without ulterior motives, the way there have often been attempts to use UN mechanisms, Cuba would not be opposed [to the idea]. What happens is that we know to what extent the topic of human rights is being greatly manipulated today, at this time, and used in a discriminatory, selective, and highly politicized way.

[Correspondent] And how could this be proven?

[Robaina] Well, I think that is the discussion we need to continue having, like the one we are at present engaged in at the United Nations, like the one we need to explain on the basis of facts, using concrete examples. I think that is the challenge to our mission at (?the United Nations), the challenge facing all of us representatives of the Third World, and the poor of the world. [end recording]

Defection of Castro's Daughter

PA2212235293 Mexico City NOTIMEX in Spanish 2304 GMT 22 Dec 93

[Text] Havana, 22 Dec (NOTIMEX)—Today Cuban Foreign Minister Roberto Robaina downplayed the importance of the desertion of Alina Fernandez Revueltas, daughter of President Fidel Castro, to whom the United States has reported they have granted political asylum.

"We have been prepared to confront difficult trials for a long time. We are involved in many things and carry out intense activities," the foreign minister told reporters. Robaina said he had learned the news a few minutes earlier on a television network, but said he does not comment on the decision of any of the Cubans who desert and that, anyway, it is not the first time an incident such as this takes place.

Fernandez Revueltas, 37, arrived in Atlanta, Georgia, this morning from Spain, where she travelled on Monday from Havana, according to what Government spokesman David Johnson said in Washington.

Robaina was questioned on this issue during an improvised news conference at the Foreign Ministry after the installation of the national preparatory commission for the Social Development Summit sponsored by the United Nations. The meeting is scheduled to be held in March 1995 in Copenhagen, Denmark.

Meets With, Praises UPEC Delegates

FL2212194393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Dec 93

[Text] The exercise of the press under the tension generated by the special conditions of our country represents a praiseworthy effort. For this reason, Cuban Foreign Minister Roberto Robaina met with delegates to the sixth congress of the Union of Cuban Journalists [UPEC] from radio and television this morning. Instead of discussing dissatisfactions, they expressed confidence in the climate of trust that opens the door of information in the Ministry of Foreign Relations to all journalists.

[Begin Robaina recording] I can say with great pride that what we have been able to accomplish in the ministry during this stage could not have been done without the contribution of the press. [words indistinct] political that we have defended. We have done the work, but the detachment of journalists is what brought information to the hearts and minds of the people. They have done this despite limited resources. The height of this period represents somthing very difficult, especially for the press. We need to analyze how can we continue journalism with the few resources we have. That is what the country needs: to continue the work with few resources. The country needs to know that the detachment of journalists will not fail them during such difficult times. That is the challenge for journalists. It is the same

challenge that construction workers, and all other workers have in their fields. [end recording]

Castro Commends Teachers on Literacy Campaign Results

FL2212170993 Havana Radio Progreso Network in Spanish 1200 GMT 22 Dec 93

[Letter of greetings from Cuban President Fidel Castro Ruz to Cuban teachers on the occasion of the 32d anniversary of the literacy campaign on 22 December]

[Text] Esteemed comrades:

Today, on the 32d anniversary of the literacy campaign, one of the greatest gestures made by our people following the revolutionary triumph of 1959, I would like to add my congratulations to the recognition that all Cuban people have extended to the tens of hundreds of men and women who have contributed and continue to contribute to the noble task of teaching and educating in our fatherland.

The historic achievement of literacy and the struggle for its survival that followed, the battles for the sixth and ninth grades, the complete schooling of the infant population, and the construction of thousands of schools and other installations for the various educational levels throughout the country were transcendental events that set the course for the avid cultural, scientific, and technical development that followed in Cuba, which elevated the prestige of our country in the world and is a reason for our people to feel proud.

The enthusiastic participation of a true army of teachers and professors, formed by the Revolution, was significant to the fulfillment and endurance of these results, from the first plans of volunteer teachers to the impressive teaching detachments that we have today.

Today's Cuban educator, who has inherited a beautiful tradition of dedication to the teaching profession from Varela, Luz Caballero, and Marti, has always been characterized by his patriotic spirit; adherence to Martist, Marxist, and Leninist thought; an internationalist vocation; unselfish dedication; and loyalty to the Revolution. All this has made him one of the most admired and loved professionals in our society.

During these times of difficulties and limited resources, our people appreciate the infinite love of the teachers in the infant circles and specialized and elementary schools; the dedicated effort of the teachers who work in rural schools; and the responsible work by mid-level, polytechnical, and university teachers who are aware that today the teacher is a decisive factor in planting the virtues of patriotism; safeguarding the national identity; and teaching the revolutionary values of love of work, defense of the fatherland's independence, and the necessary ethical foundations for the next generation of Cuban communists.

By keeping the schools operating, and making them impenetrable bastions of our revolutionary ideas through your effort, dedication, and sacrifice, you are making a direct and decisive contribution in the effort to save the fatherland, the Revolution, and the achievements of our socialism.

Esteemed comrades and teachers, together with our most sincere congratulations, please accept the appreciative recognition of the party and of the government, and our most cordial greetings.

Fraternally, Fidel Castro Ruz.

Daily Interviews Castro on Socialism, Former USSR

PA2212150693 Havana Radio Havana Cuba in Spanish 1300 GMT 22 Dec 93

[From the "Morning Information Review" Program]

[Text] In statements to the Italian daily LA STAMPA, Cuban President Fidel Castro said that socialism will not be destroyed on the island because the people defend their ideas, independence, and revolution. In an interview granted to journalist (Gian Gauroski), the Cuban president stated that the people continue to struggle for their ideals despite the serious consequences of the disappearance of the Soviet Union and the U.S. blockade,

Fidel Castro remarked that although socialism was destroyed from within in the former Soviet Union, then President Mikhael Gorbachev said he favored perfecting socialism, not destroying it. The disappearance of the USSR, the Cuban leader added, resulted in the current unipolar world under the hegemony of the United States, indicating that a large portion of humankind is now suffering the consequences.

Fidel Castro noted that despite the changes [words indistinct] socialism still prevails in the Asian country. Regarding Cuba, the president noted that the island is open to foreign investments, which does not detract from the country's socialist nature.

UNEAC President Ends Visit to Spain

FL2212210593 Havana Cuba Vision Network in Spanish 0100 GMT 22 Dec 93

[Text] Today Politburo member Abel Prieto, president of the National Union of Cuban Writers and Artists [UNEAC], concluded a seven-day visit to Spain. Prieto visited Spain at the invitation of the United Left coalition. In statements to PRENSA LATINA while in Madrid, Prieto said that he was satisfied with his visit to Spain where he met with leaders of the United Left coalition, the Spanish Communist Party, and the central labor unions. Abel Prieto also carried out a two-day visit to Oviedo, capital of Asturias, where he met with regional officials.

DPRK Delegation Visits Granma Naval Academy

FL2212215293 Havana Radio Reloj Network in Spanish 2030 GMT 22 Dec 93

[Text] Today Admiral Kim In-chol, head of the DPRK's navy, visited the Granma Naval Academy, located in Bauta Municipality, Havana Province. Kim In-chol heads a high-level DPRK military delegation, which has been visiting Cuba since 14 December at the invitation of Minfar [Ministry of the Revolutionary Armed Forces]. On his tour of the academy, Kim In-chol was accompanied by Rear Admiral Pedro Perez Betancourt, chief of the Cuban Revolutionary Navy.

Admiral Kim In-chol and his party learned that it is at this academy that command cadres and specialists for the navy, the border guard troops, the Cuban Hydrography Institute, the Merchant Marine, and the fishing fleet are trained.

During the tour of the school's installations, the delegation was shown modern technical means for learning and the Korean visitor received the commemorative medal of the Granma Naval Academy.

Nuclear Development Continues Despite Limitations

PA2212211993 Hamburg DPA in Spanish 1730 GMT 22 Dec 93

[Text] Havana, 22 Dec (DPA)—Today in Havana, a high-ranking nuclear energy administration source said that Cuba continues to develop its nuclear technology with its own resources, despite the disappearance of the socialist bloc. "To do so, the country has over 1,300 specialists in the field. They represent outstanding scientific potential and are capable of safely carrying on with the national nuclear energy development plan. Our hopes are set on our own ability," Andres Garcia said. Garcia is the executive secretary for nuclear energy of Cuba. He headed the Cuban delegation that participated in the 37th general conference of the International Atomic Energy Agency (IAEA) in Vienna.

According to the specialist, the recent election of Cuba as a member of the IAEA board of directors constitutes important international recognition of the extent of the island's development in the use of nuclear technology, a significant part of which is the issue of radioactive safeguards and safety. In addition to its experts, Cuba has viable prospects for advancement in the area of radioactive waste control and management, and has several research installations which will result in greater progress in the areas of economy, health, and the sciences, where nuclear energy is applied.

According to Garcia, there are 190 centers on the island using nuclear technology. The areas include pharmaceuticals, agriculture, the sugar industry, nickel processing, public health, and biotechnology, among others.

He confirmed the fact that Cuba is in favor of completely abolishing nuclear weapons, which goes further than the existing international agreements regarding nonproliferation. He reaffirmed his willingness to sign the Tlatelolco treaties that establish this limitation throughout Latin America. "Cuba is willing to do so in favor of Latin American integration, despite the fact that the conditions that prevented us from joining before, still prevail. These conditions are the U.S. blockade and the threat of aggression by the United States, in addition to the U.S. military base on our territory," Garcia pointed out.

Province's Preparation for People's War Noted

FL2212223493 Havana Radio Reloj Network in Spanish 2053 GMT 22 Dec 93

[Text] The [Pinar del Rio] Provincial Defense Council has acknowledged the work done by fighters, militiamen, and brigade members in preparing Pinar del Rio Province for a war of the entire people. During a meeting of municipal council presidents and municipal-level chiefs of staff, the accomplishments in preserving material and armaments reported were evident, as was the completion of the FAR's [Revolutionary Armed Forces] structures.

The completion of the Territorial Troops Militia, the performance of the reserve training programs, and the incorportation of the young people born in 1977 into the Youth Labor Army military units was also auspicious. The effort made by the province in building civil defense tunnels was also outstanding.

The residents of Pinar del Rio intend, by next year, to put to good use the tunnels already built, to introduce new techniques that use materials more efficiently, and to have greater participation on the part of the population.

ANPP Economic Commission Ends Work Meetings

FL2212211593 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Dec 93

[Text] The Economic Commission of the National Assembly of the People's Government [ANPP] has concluded its work meetings after two days of work. The Economic Commission analyzed the principles upon which the national budget for 1994 will be discussed, considering Cuba's complex situation. According to statements by Osvaldo Martinez, president of the commission, the commission analyzed the economic measures that have already been implemented and the factors that could influence Cuba's economic development during 1994.

Jose Luis Rodriguez, minister president of the State Committee for Finances, participated in the two days of work meetings. The ANPP will hold its sessions from 27 December through 29 December and the rest of the working commissions are scheduled to meet on 26 December.

American Studies Center Holds Foreign Policy Discussion

FL2212143693 Havana Radio Rebelde Network in Spanish 1000 GMT 21 Dec 93

[Report by Roberto Canela]

[Text] At the same time that Cuba deepens the legality of its political system and strengthens its democracy, it must continue to reorganize its foreign policy to establish itself, worthily and independently, within the international community. This was the theme of a panel discussion held yesterday at the American Studies Center, CEA, during which the panel members discussed the situation of Cuban foreign relations, especially with regard to the United States and the Caribbean.

CEA Director Luis Suarez said that following the disappearance of the USSR and the Socialist bloc, Cuba has been exposed to the unipolar tendencies of world order. Suarez also said that Cuba's foreign policy must stress the introduction of our country to the world, to protect it politically. Suarez added that this is an economic necessity.

Antonia Maceo Plant Resumes Operations

FL2212123693 Havana Cuba Vision Network in Spanish 0100 GMT 22 Dec 93

[Text] A few hours ago, generating unit no. 5 of the Antonio Maceo Thermoelectric Plant was brought online and into the national electrical energy system after having undergone major repair, which kept it paralyzed for over three months. With the coming online of this unit, the Santiago plant recovers 50 percent of its generating capacity, which had been severely affected by deterioration in the plant's installations from burning Cuban oil, among other causes.

The Santiago de Cuba work group from the Electrical Plant Maintenance Enterprise, ENCE [acronym as heard], was in charge of the rehabilitation of generating unit no. 5 as were personnel from the Antonio Maceo Plant itself. They sometimes worked up to 14 hours to shave a few days off the repair time.

Generating unit no. 5 of the Antonio Maceo Plant will contribute 85 megawatts per hour to the national electric system which, synchronized with the Antonio Guiteras Plant in Matanzas, will noticeably improve electric service within the next few days as the two units stabilize.

Roundup of Economic Developments 22 Dec

PA2212133193

[Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 22 December. Source is cited in parentheses following each item.

The National Information Agency, AIN, has reported that institutions in charge of promoting tourism contributed earnings exceeding $500 million. According to the same source, from January to October, foreign visitors increased revenues by 30 percent, while the number of tourists increased by 34.5 percent. Because tourism has become one of the key factors in development of the Cuban economy, the country plans to obtain revenues worth $1 billion in 1995 as a result of tourist activities. The majority of tourists visiting Cuba are from Canada, Germany, Spain, and Italy. The most popular areas to visit are Havana, the Guardalavaja Beach, Santa Lucia, Cayo Largo, Varadero, Manzanillo, Guantanamo, and Las Tunas. (Havana Radio Havana Cuba in spanish 0000 GMT 15 Dec 93)

* University Fund-Raising Efforts Noted

94CA0052A Havana BOHEMIA in Spanish No 40, 12 Nov 93 p 44

[Commentary by Alberto Pozo]

[Text] The results to date mean that this year the University of Havana will meet its foreign currency collection goal: $560,000. When this program was begun in 1989, the figure was $156,000. In 1990 it rose to $196,000; in 1991, to $274,000, and in 1992, to $473,000. Half of these funds are allocated to other educational centers in the interior of Cuba, which have similar needs for these revenues, but fewer possibilities than UH [University of Havana] of collecting hard currency. It is easy to see the growing success of this goal and of another objective as well: the expansion of relations.

Doctor Sinesio Santos, the university's vice president, emphasizes that this aid for financial problems is a palliative, since the current budget of the UH during the special period is somewhat over 20 million pesos; before this, it was 24 million.

The University of Havana is very important, but it is only a part of Cuba's higher education system. The UH today today includes natural and physical sciences, economics, social sciences, and humanities. However, many of its offspring already have their own life. There is the Jose Antonio Echeverria ISCAH [Havana Higher Institute of Agricultural-Livestock Sciences], the Higher Institute for Medical Sciences, the Enrique Jose Varona Higher Institute for Teaching, and the Higher Institute for Nuclear Sciences and Technologies. To this list can be added the Pinar del Rio University Center, the University of Matanzas, and the Island of Youth branch which is now attached to the ISCAH.

What has attracted the most foreign currency? Invitations to professors to teach courses in other countries. Mexico heads the list of countries making such requests. Then, holding scientific meetings in Havana to discuss research. The participants' costs are paid and they also pay a registration fee. A number of housing options are available, including dormitories, which have a modest

number of rooms, although if the guest prefers, hotels can be used. In 1994 this program will include 40 such events. Other programs that attract hard currency are: scientific consulting work, research, laboratory projects, and master's and doctoral programs.

The growing appeal of these services of the UH, founded in 1728 and one of the oldest in Latin America, is essentially a result of the prestige of its professors and the quality of its research.

We intend to focus on each of the offspring of the University of Havana in Occidente Province, as well as other centers in Cuba, to show how higher education can be an important way of attracting foreign currency.

Barbados

House Defeats No-Confidence Against Foreign Minister

FL2212155993 Bridgetown CANA in English 1531 GMT 22 Dec 93

[Text] Bridgetown, Barbados, 22 Dec, CANA—After a heated three-day debate, the Barbados House of Assembly voted Tuesday night to defeat an opposition motion of no confidence against Foreign Minister Branford Taitt.

The motion, tabled by deputy leader of the opposition Barbados Labour Party (BLP), Billie Miller, called for the resignation of Taitt from the cabinet. The charge: Alleged breach of financial regulations in respect of a government hospital project during his tenure as minister of health.

Seventeen government members voted against the motion and the nine BLP members present voted in favour.

Taitt, who was switched from Health to Foreign Affairs in a cabinet reshuffle last August, called the motion an "attempt to smear me" and blasted critics on the opposition benches.

"Only the diabolical could have come up with a scheme like this," he told the House.

In her second contribution to the debate Tuesday, Miller accused Taitt of the "worst kind of conflict of interest." She said a contractor hired to work on the St. Joseph Hospital, which is at the centre of the controversy, had done work on Taitt's home around the same time.

Responding, Taitt acknowledged work was done by the contractor at his home, but said the contractor was hired by his late wife to extend his study as a Christmas gift for 1989, had completed the job and had been paid, before beginning work at the St. Joseph Hospital in 1990.

"It is despicable that this issue has been raised the way it has been," said Taitt, a frontline member of the ruling Democratic Labour Party (DLP).

"It is disgusting that I and all my family would have to be dragged across Barbados when my wife made a contract in 1989 for work done by Christmas and the sub-contractor started working for the hospital in March the following year."

Miller also told the House the contractor's company had been formed by Taitt's daughter, Monique Taitt, who is an attorney-at-law. Taitt rejected a claim that the renovations at his home had amounted to 115,000 dollars (one BDS dollar = 50 cents U.S.). He said the figure was mentioned in an undated letter he received last June seeking payment for the work, and which he had passed on to a lawyer for a response.

Taitt said he suspected, "based on the language used in the letter, that it had some relationship to something other than a genuine letter..." The letter listed extensive renovations.

The minister also defended the role he played in seeking out Barbadian nurses in Britain to work at the St. Joseph's Hospital. He said it was his job and he would do it again, if he were minister of health. He said, however, he had had no direct involvement in the actual recruitment and that this was handled by three persons, including an officer at the Barbados High Commission in London.

Taitt also indicated he had properly accounted for expenses incurred during the controversial visit to London. He accused parliament's Public Accounts Committee [PAC] of suggesting he was "splurging away funds."

PAC chairman, opposition BLP leader Owen Arthur, said letters read to the House by Taitt to show he had accounted for his expenses, were not made available to the PAC while it was investigating the St. Joseph Hospital. Taitt had declined to appear before the PAC on the grounds that he was given one day's notice. He said, however, he had offered to provide the committee with whatever documents it wished.

Bermuda

Opposition Requests Study of Base Closures

FL2212154393 Bridgetown CANA in English 1503 GMT 22 Dec 93

[Text] Hamilton, Bermuda, 22 Dec, CANA—The opposition Progressive Labour Party (PLP) has called for a national plan created by a bi-partisan committee to address the closures of the Canadian, U.S., and British bases here.

PLP leader Frederick Wade made the call after accusing the government of not attaching enough urgency to the base closures. He said the Royal Navy's pull-out and April 1995 closure of HMS Malabar at dockyard, announced in the British Parliament on Friday, did not come as a surprise.

"It was logical; Bermuda is no longer valuable to the Americans and the British," Wade said. The U.S. Naval Air Station, on 1,000 acres of land at Bermuda's East End, is likely to close six months after Malabar. Canadian troops complete their pull-out from Bermuda at year's end.

Wade said: "We feel it presents wonderful opportunities for Bermuda. We in the PLP have been asking for the land back for 30 years now. And we have been urging for several years for Bermuda to do what's in its best interest. We are having a hard time convincing government though." Wade was not happy with government's handling of the base closures. A joint select committee of the House of Assembly should have been appointed, he said.

"We need a plan of action," he said. "We have seen (Premier) Sir John Swan setting up five committees to address the base closures. We have offered to serve on the negotiating committee and others, but we have not heard a word."

Important base closure issues such as additional real estate and land, job losses, and the impact on the economy all needed to be addressed, Wade said.

Meanwhile, Walton Brown of the Committee for the Independence of Bermuda charged that the government continued "to sit passively" while other countries—particularly Britain—decided what was in their best interests and had no regard for the concerns of Bermuda and Bermudians.

"Premier Swan's dismay at the timing of the closure reflects the lack of respect shown to him by the British government," the committee said in a news release. "This should prompt him to take action to chart Bermuda's course as we head toward the next millennium."

In announcing the Malabar closure, British Armed Forces Minister Jeremy Honley told the UK Parliament that the 20-acre base had in the past provided Britain with a "valuable asset in a strategically significant location in the Atlantic. In the changed environment, however, its strategic importance has greatly diminished," he said.

Jamaica

Government Statement Issued on GATT Agreement

FL2212204293 Bridgetown CANA in English 2003 GMT 22 Dec 93

[Text] Kingston, Jamaica, 22 Dec, CANA—The Jamaican Government has responded cautiously to the conclusion last week in Geneva of the Uruguay Round of negotiations under the General Agreement on Tariffs and Trade (GATT).

A statement issued through the state news agency, JAMPRESS, said that while Jamaica, "continues to support global and regional trade liberalization, it needs to ensure that such preferences as are now enjoyed are not eroded by the new trade agreement". Jamaica would also pursue with other participants in the Uruguay Round," opportunities for expanded trade in the products currently produced", the government said.

The agreement, reached after seven years of intense and often bitter negotiations involving 116 countries, is aimed at further liberalising trade in manufactured items already governed by GATT rules and disciplines. It also seeks to include new areas such as agriculture, services, textiles and intelllectual property rights in the liberalised mode.

Proponents hope the deal which comes into effect in 1995 will add a much needed filip to the sluggish world economy but many developing countries are fearful that it will render their exports uncompetitive, as benefits under preferential trade agreeements are eroded.

The Jamaica Government statement identified sugar, bananas, services and the growing garment industry, which is expected earn [as received] 462 million U.S. dollars this year from exports, as areas in which it will focus particular attention.

On sugar which is projected to earn 86 million U.S. dollars this year, Jamaica together with other African, Caribbean and Pacific (ACP) sugar producers would be "examining ways in which possible adverse effects can be alleviated".

It noted that discussions were still continuing between the European Union and Latin American producers regarding the contention by the latter group, that ACP producers including the Windward Islands and Jamaica, should not have preferential access to the European market. "...Whatever the results of those discussions the EU's commitment to traditional ACP banana producers will be maintained," the Jamaican Government said.

The government noted that the Uruguay Round had sought to "integrate the textiles and apparel sector into the general agreement by establishing rules, which will, over a phased time period (10 years) result in the full opening-up of the world textiles trade". The government would work closely with local industry to, "ensure that the requisite adjustments are made in order to maintain our competitiveness". Jamaica and other small textile exporters had argued in Geneva that the phasing out period for preferential trade in the textile industry should be extended to 15 years.

The statement identified the service sector as critical to future economic development. "The country therefore, needs to strengthen its present service sector and its capabilities in order to take advantage of opportunities which will now be opened-up in this sector worldwide, and in particular within this hemisphere," it said.

The government observed that since the inception of the Uruguay Round, Jamaica had participated actively in all areas of the negotiations, "reflecting its commitment to the process of trade liberalization in the world economy". In coordination with its Caribbean Community (CARICOM) partners, it had put forward positions in the market access negotiations, "aimed at reducing external tariffs on manufactured and agricultural products".

President Salinas Returns From Asian Tour

PA2312024293 Mexico City NOTIMEX in Spanish 2203 GMT 22 Dec 93

[Text] Mexico City, 22 Dec (NOTIMEX)—The Mexican Presidency has announced that Mexican President Carlos Salinas de Gortari returned today to the Mexican capital at the conclusion of a seven-day tour through China and Japan.

The Mexican chief of state arrived at the presidential hangar at 1415 (2015 GMT) after having visited China for four days and Japan for three days. This is his last international tour of this year. In China, Salinas and Chinese President Jiang Zemin signed economic, political, and cultural cooperation agreements of a bilateral nature. In Japan, the Mexican president met with the country's most important bankers and with businessmen from the Kansai region, one of that country's largest industrial zones.

Before arriving in Mexico City, President Salinas made a stopover in the border city of Mexicali, Baja California, and held meetings there with local businessmen. The president arrived in Mexico City accompanied by Foreign Secretary Manuel Camacho Solis, Commerce Secretary Jaime Serra, Energy Secretary Emilio Lozoya, and the governors of Baja California and Jalisco, Ernesto Ruffo and Carlos Rivera Aceves, respectively. The Mexican President was greeted at the presidential hangar by Government Secretary Patrocinio Gonzalez.

PPS Nominates Marcela Lombardo as Presidential Candidate

PA2312025193 Hamburg DPA in Spanish 2114 GMT 21 Dec 93

[Text] Mexico City, 21 Dec (DPA)—The small Popular Socialist Party (PPS), the only Mexican party that still labels itself Marxist-Leninist, today nominated Marcela Lombardo Otero as its presidential candidate for the 21 August elections.

Mrs. Lombardo Otero, 67, is the second woman nominated for the presidency. Deputy Cecilia Soto was the first. She was nominated by the left-wing Labor Party (PT). According to the polls, neither candidate will gain the legal minimum 1.5 percent of the votes needed to maintain the registration of the political parties that nominated them.

The candidates favored to win the popular vote are Luis Donaldo Colosio, of the ruling Institutional Revolutionary Party (PRI); Cuauhtemoc Cardenas, of the center left Party of the Democratic Revolution (PRD); and Diego Fernandez de Cevallos, of the conservative National Action Party (PAN).

Other presidential hopefuls are Pablo Emilio Madero, of the social christian Mexican Democratic Party (PDM); Jorge Gonzalez Torres, of the Mexican Green Ecologist Party; and Rafael Aguilar Talamantes, of the Cardenist Front for National Reconstruction Party (PFCRN). The Authentic Party of the Mexican Revolution (PARM) is the only party that has not yet chosen a candidate.

Roundup of Economic Developments 22 Dec.

PA2212133093

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 22 December. Source is cited in parentheses following each item.

The Mexican mining industry is recovering and growing, according to reports from the Energy, Mines, and Parastate Industry Secretariat, SEMIP. There are 138 projects under way with a total investment of $110 million. Mexico continues to lead the world in silver and sodium sulfate production, while it holds high production levels of other minerals such as mercury, arsenic, zinc, molybdenum, salt, copper, and lead. Lead and copper production levels increased by 8.8 and 9.6 percent respectively, while zinc production dropped 1.8 percent. Gold production grew 8.3 percent and silver 0.2 percent. Fluorite showed the biggest increase with 22.5 percent growth, while sulfur dropped 42 percent.

SEMIP also reported that corporations from Canada and the United States have opened offices in Mexico, which will surely mean new exploration and exploitation operations in the near future. According to the agency, there are currently 14 proposals being studied that are worth $320 million in future investments. (Madrid EFE in Spanish 2134 GMT 15 Dec 93)

Agriculture Secretary Carlos Hank Gonzalez said Mexico has had its largest corn harvest on record: 18 million tons. The minister affirmed that the amount demonstrates the success of plans such as Pro-Campo, which benefits Mexican farmers. Undersecretary of Revenues Francisco Gil has announced that laborers working for minimum wage will receive a monthly subsidy of 47 new pesos to be deducted from the company's income taxes. Congress passed a bill authorizing management to make the deduction and the subsequent payment. (Mexico City XEW Television Network in Spanish 0430 GMT 17 Dec 93)

Mexican Petroleum announced that its trade balance figures for chemical products favor Mexico by $53.6 million. Officials said that increased exports, including raw products such as acrylics, ethylene, polyethylene, acetaldehyde, and others tipped trade figures significantly over the last nine months. (Mexico City NOTIMEX in Spanish 1536 GMT 17 Dec 93)

Mexico's general trade balance has decreased 26.1 percent from September. The Treasury Secretariat announced that the oil industry made the difference with a 21.7 percent increase in exports. Agricultural and

manufactured good grew 13 and 25.5 percent, respectively. Imports totalled $5.7 billion, and exports were $4.9 billion. (Mexico City NOTIMEX in Spanish 0354 GMT 18 Dec 93)

Mexican Petroleum's exploration and production subsidiary reports the discovery of 16 new oil wells in 1993 that will provide 573 million barrels. Mexican oil fields now offer approximately 1.3 billion barrels of crude oil for production. The subsidiary invested a little over 50 percent of its 1.3 billion new peso budget on exploration and development of new wells, and 28 percent was invested in existing wells and projects. (Mexico City NOTIMEX in Spanish 0614 GMT 18 Dec 93)

Costa Rica

Codehuca Demands U.S. Troop Pullout From Panama

PA2212211693 Mexico City NOTIMEX in Spanish 1934 GMT 22 Dec 93

[Text] San Jose, 22 Dec (NOTIMEX)—Today, the Commission for the Defense of Human Rights in Central America (Codehuca) demanded here "the unconditional and total surrender of U.S. occupation troops currently on Panamanian soil."

In a communique sent to NOTIMEX, Codehuca stated that four years after the armed U.S. occupation of Panama "the real and powerful reasons for the invasion of December of 1989" have surfaced. "Panama was in those ominous days a gigantic training and testing ground for new and deadly weapons, which were later to be used in the television war of Iraq," the humanitarian organization added.

Codehuca explained that this was one of the hidden causes of the invasion, but the main reason for the then-leaders of the United States "was to eliminate all patriotic resistance before their policy of disavowing and disrespecting the letter and spirit of the Torrijos-Carter Canal Treaties." The Commission reported that many of the human rights violations that were perpetrated during the invasion still persist in Panama, as well as the U.S. occupation of this country "as a painful affront to the Panamanian people and the Latin American peoples."

The Codehuca demanded that the new U.S. Administration "amend such policy" by withdrawing its troops, fully complying with the Torrijos-Carter treaties, and paying the proper indemnity to the victims of the 20 December 1989 invasion. The incursion of U.S. troops in Panama culminated with the capture and extradition of former General Manuel Antonio Noriega to the United States, where he was tried on drug trafficking charges and is serving a 40-year sentence.

El Salvador

Cristiani Says Guatemala Confirms Arms Transhippment

PA2312034693 San Salvador Radio Cadena YSU in Spanish 1800 GMT 22 Dec 93

[Report by Balmore Parada; from the "YSU Radio News" newscast]

[Text] Today President Alfredo Cristiani said that the Guatemalan Defense Ministry has confirmed the transshipment of arms from El Salvador and Nicaragua into Guatemala. According to the report, members of the former guerrilla movement FMLN [Farabundo Marti National Liberation Front] also have been training Guatemalan guerrillas. Cristiani said his government has requested an investigation, in which Onusal [UN Observer Group in El Salvador] will participate.

[Begin Cristiani recording] The Guatemalan Defense Ministry has reported that FMLN members have crossed the border into Guatemala, particularly at Jutiapa and Santa Rosa, to help the URNG [Guatemalan National Revolutionary Unity] perpetrate guerrilla and terrorist activities in Guatemala. There are also some indications that FMLN has been training URNG members in El Salvador. We will try to confirm these reports jointly with the Guatemalan Government. We have told Onusal that it should participate in this investigation because the situation could defeat the FMLN's pledge of having surrendered all the armament. We have asked Onusal to try to determine whether arms are being transshipped to Guatemala. [end recording]

In addition, Cristiani refuted the ninth report that Onusal's human rights division presented to the United Nations. He said it is not true that the human rights situation in the country has deteriorated as the report says. He added that this report was drafted a few minutes before an investigation of several violent actions, allegedly for political reasons, concluded.

[Begin Cristiani recording] We do not necessarily agree with this view, particularly because when the document was drafted some of the actions, allegedly brought about for political reasons, had not yet been fully investigated. The report does not indicate the results of the investigations of actions that apparently have not taken place for political but for criminal reasons. It is not right to label these actions as marking a deterioration of human rights. We admit there is a serious crime situation with plenty of violence, but this violence is not necessarily due to political reasons. For this reason, we disagree with this report. [end recording]

FMLN-CD Alliance Denies Gun-Running Charges

PA2212194493 San Salvador Radio Cadena YSU in Spanish 1800 GMT 21 Dec 93

[From the "YSU Radio News" newscast]

[Text] Ruben Zamora, presidential candidate of the leftist coalition Farabundo Marti National Liberation Front-Democratic Convergence [FMLN-CD], has clearly rejected charges of gun running between the former Salvadoran guerrillas and Guatemalan rebel forces. Zamora said the charges constitute a low campaign by the government and that the case has already been investigated by Onusal [UN Observers for El Salvador]. Here is what Ruben Zamora said:

[Begin recording] [Zamora] I think it is an attempt to spread base propaganda in the country; there is no foundation or truth in this. It is simply a sign of despair by the ARENA [Nationalist Republican Alliance] people, who are facing a campaign in which, according to the polls, their popularity is sliding and the coalition's is

on the rise. All of this is not very praiseworthy nor does it contribute to [word indistinct] the people. On the contrary, it only feeds the culture of fear. This is an antidemocratic culture.

[Unidentified reporter] [Words indistinct] of Guatemala [words indistinct]?

[Zamora] We totally deny it. We do not believe it is true. The United Nations has already looked into the problem. It has reviewed the whole matter and issued its report. The United Nations said they are totally satisfied, especially regarding the weapons surrender process.

[Reporter] [Question indistinct]

[Zamora] Obviously the government is experiencing a very difficult situation. Its negligence has resulted in a significant increase in the crime rate and in the reappearance of the death squads. [end recording]

Zamora added that it was necessary to reorder the National Civilian Police deployment given the suspension of this security corps' installation at the Cuscatlan and La Paz Departments, as was announced by the president.

[Begin Zamora recording] I have insisted that the National Civilian Police be deployed in San Salvador and Santa Ana because that is where the crime rate is high. I think the government has waited too long to take action. It has implemented a totally negligent policy regarding community's security. It is time to respond to the citizens pleas. [end recording]

In addition, Zamora said that the government is using resources that are not in keeping with an ethical campaign in order to adversely affect its political rivals, who are participating in the campaign to attain power.

Guatemala

Government, Guerrillas Schedule Meeting 6-9 Jan

PA2212190693 Hamburg DPA in Spanish 1642 GMT 22 Dec 93

[Text] Guatemala City, 22 Dec (DPA)—Guatemalan Government and guerrilla delegations will hold a preliminary meeting in Mexico from 6 to 9 January to decide on the system and framework for future negotiations, it was confirmed in the Guatemalan capital today. The meeting will be held under UN auspices and is described as a rapprochement to determine the "rules of the game."

This breaks the long impasse that prevailed following the suspension of negotiations when the government refused to implement the human rights agreements demanded by the Guatemalan National Revolutionary Unity (URNG), which comprises the four guerrilla organizations that operate in Guatemala.

According to the sources that were consulted, it is believed that the guerrillas will maintain their position that a human rights agreement should be reached and that a "truth commission" should be created to determine the reasons that led to the Guatemalan internal conflict, which has been going on for almost 33 years.

The Guatemalan Catholic Church, which played an active role in the initial peace agreements through its mediator, Monsignor Rodolfo Quezada Toruno, will not participate in this rapprochement stage but could do so later on, according to the Guatemalan Bishops Conference.

Defense Minister on Belize Council, PAC Demobilization

PA2312043893 Guatemala City EL GRAFICO in Spanish 21 Dec 93 p 3

[Text] At a news conference held yesterday at the Channel 5 studios during a Christmas party hosted by the Defense Ministry for Guatemalan and foreign journalists, Defense Minister Mario Rene Enriquez said that "it is necessary to create the National Council on Belize to better inform President Ramiro de Leon Carpio about this territory and help him decide what to do with it."

Enriquez added that the issue of Belize is an international policy matter, for which the foreign minister is responsible. He pointed out, however, that "the people have the last word and they must decide whether we surrender Belize or maintain it in our Constitution as part of Guatemalan territory."

Minister Enriquez reiterated that the Civilian Self-Defense Patrols, PAC, will not be demobilized until the guerrillas sign the peace agreements. He stressed that the residents of such towns as Quiche wish to be PAC members and they are the ones who are refusing to disband.

The high-ranking military official rejected the URNG [Guatemalan National Revolutionary Unity] claim that the administration of Ramiro de Leon is a weak government. He said that "the current government is indeed strong and serious. If the guerrillas wait until there is an even stronger government, peace will never be reached," he added. "The URNG continues to get weapons from Mexico, Honduras, and El Salvador, but we are carrying out operations to stop gunrunning," Enriquez stressed.

Honduras

Callejas Addresses Closing Session of Congress

PA2212170093 Tegucigalpa LA TRIBUNA in Spanish 18 Dec 93 p 7

[Speech by President Rafael Leonardo Callejas at the closure of the Fourth Legislature of the National Congress in Tegucigalpa on 17 December]

[Text] Today marks a new phase in the Republic's constitutional development. The members of this Congress will leave their seats and a new legislature will be installed with deputies elected in the 28 November general elections.

Many representatives of the new legislature were reelected in recognition of their civic and political values, their personal efforts to promote the development of their respective communities, and their work in this national representative body.

Other respected and distinguished citizens will not be returning to their seats. Nevertheless, I must recognize that they also contributed to the promulgation of progressive and modern laws of great social content and special human inspiration, because during the past four years we have established and strengthened the basis for Honduras' sustained and equitable development.

In these laws we find the richness of the political and social ideas of the fathers of our independence and of the leaders who assumed the enormous and extremely important responsibility of building the complex state structures.

If we stop to analyze this constitutional process and set aside all sectorial interests—as the leaders of our society should do—we can easily find the same guidelines upon which the doctrines and principles of the French Revolutionary movements were based, the ideal concept of the division of powers, and the great democratic and revolutionary vision of the founding fathers of the United States of America.

Should we not describe the effort, determination, work, and productivity of this Congress as a contribution to the consolidation of freedom, fraternity, and equality among all Hondurans? If this assessment is correct—and I believe it is and proclaim it with profound respect and solidarity for each and every one of the members of this Congress—we applaud with free and democratic conviction, without prejudice or selfishness, those who have worked to strengthen the country's dignity by recognizing citizens' rights with patriotism.

Thank you, ladies and gentlemen. Indeed, working with the dream and ideal we all have of our fatherland and our people has been fruitful. Our democracy continues to grow stronger. The debate of our ideas and goals as a people has been intense over the past four years. The country's security is a reality we must face with the expansion of democracy and the active participation in public debates of those who previously did not have a voice or a vote to engage in public debates.

The constitutional ideas of our forefathers are valid today more than ever, when our society is governed by laws and when real and specific objective possibilities are open to all citizens through civilized instruments.

Aside from meaning an advancement in the country's political and legal culture, this progress in civil rights is a recognition of those who died in the struggle to democratize Honduras. Hundreds of anonymous heroes lie in our cemeteries or in unmarked common graves. We dedicate to them the fruits of this generational struggle for democratic progress and the fruits of our own struggle beside the Honduran people.

By reconquering the democratic process, we Hondurans have proven that the ideals of liberty, civil rights, and self-determination are not a utopian dream but a beautiful reality that more and more Hondurans can share.

If the National Congress is in fact the government branch traditionally recognized as the body which represents the fulfillment of democratic and republican action, it is not by mere political chance. We must recognize that democratic and republican history teaches us that it is the very history of each nation that engenders this truly political phenomenon in the form of each parliamentary body. It was here where dictatorial outbursts were quelled and where absolute rights made way for rationalism and popular debate. The deputies represent the delegation of power by way of direct vote, cast freely in general and participatory elections.

With this in mind, with respect for my constitutional mandate, and consistent with my own convictions, I set forth a policy of respect and communication with the legislative branch. The Presidency of the Republic found within this honorable chamber all the necessary and timely support it needed to reach the goals it set for itself. Here I found guidance in searching for the right direction for the matters of state while safeguarding the rights of the people to justice and honesty within the branches of government.

Ladies and gentlemen, I would like to recognize the men and women who make up the sovereign representation of the National Party of Honduras [PNH]. They shared the extraordinary responsibility of implementing far-reaching reforms in the production relationship, building a new competitive atmosphere, and freeing the country's work force from the straitjacket that government intervention means in matters that are and should be the exclusive right of Honduran citizens.

The creation of economic competition at home is only a recognition that market forces should enjoy the same freedom that the country's other social spheres enjoy.

There was an urgent need to redefine the national economy within an atmosphere of freedom to multiply riches, work opportunities, and interest in domestic capital and foreign investments.

The local economy responded with a growth recognized by international organizations and the world community. Honduras is now better prepared to participate in the world economy and to speed up integration with its Central American sister countries.

Our country could not have remained indifferent to the great changes taking place around the world without

committing a serious mistake that would have worsened the country's economic and financial conflict and increased the levels of permanent poverty and dependence of its people and institutions.

The strengthening and expansion of the economy cannot be understood in any other way than as a milestone on the endless path toward perfecting democracy. Honduras proclaimed its independence in 1821, but nobody can say that its economic and social freedom was achieved at that time.

We affirm that with our effort and the support of the Honduran people, we are testing society's creative forces in a favorable environment to determine the extent of our faith in our human, economic, and creative potential and if our commitment to our country is profound and in keeping with the reality of our history.

PNH members in this National Assembly of the people are convinced that the social crisis will never be solved without economic change. We have the correct vision of the future, and we appeal to the right to which we are entitled as individuals who are aware of history while we build a greater and better future for Honduras and Hondurans.

I equally recognize the PNH's proven interest in helping us decentralize political power. The Honduran municipalities are regaining contact with their local governments to plan, coordinate, and supervise their respective programs for overall development. The legal framework in which our municipal communities are evolving guarantees their political and administrative autonomy and contributes to Honduras' modernization. Civilian society is gaining dimensions of definite leadership—as it should—in the Republic's destiny. The defense of its collective interests are guaranteed by the political and legal precepts created by the National Assembly. These guarantees cover the strengthening of its structures and the fulfillment of its deepest needs for public dignity and respect.

The Constitution deserves the utmost respect, which all citizens are obliged to feel, as it represents the point of national convergence and the symbol of our political unity. I kept it in mind during every act of my administration because it represents those values that acquaint us with the ideals of national independence and popular and institutional cohesion. In the spirit of the Constitution lies the dream yet to be fulfilled by all Hondurans. It is the guide of our lives as a community and the blood that gives vigor and eternal life to our forefathers.

I will forever carry in my heart the solidarity of the PNH deputies for my presidential mandate. It was a solidarity of those who think, as each deputy felt free to make his own decisions. Partisan dogmas and sentiments blinded by political passion are a thing of the past. I ask that this attitude be strengthened also for the sake of Honduras and the future of the political institution to which you belong.

Fellow citizens, I convey to my Liberal Party members, looking them in the eye and with my head up high, my congratulations on their electoral victory.

The triumph of the Liberal Party, of the opposition, is a victory for Honduras, for the Hondurans, and for their democracy. It is a triumph of peace and a reaffirmation of our people's desire to be governed in liberty.

The 28 November elections were indisputably a resounding victory for the citizens. My government strove to see that the process, without losing sight of the need for debate, would always fall within the legal bounds of order, security, confidence, and national and international credibility.

The victory at the polls belongs to the opposition. I appeal to the newly elected deputies, who will be a majority in the new National Congress, to work with the same enthusiasm for the triumph of national progress; to cure the old wounds of Honduras' social plight; to give a lofty stature to the name of Honduras; to defend its sacred soil; and to be steadfast, loyal sentries of peace and national honor so justice and law will prevail, so all citizens can exercise the right to vote, and so their complaints may be heard and promptly heeded.

If this is the political thinking of those who won on 28 November, I am certain that the PNH will be working beside you, without thinking of any reward other than that to be given to them by the Honduran people in future elections.

I declare with pure feelings and ideas that my most heartfelt objective is to be able to do my best for my country and my brothers.

Messrs. Deputies, the challenge faced by Honduras is immense. Surely it is much larger than the challenge faced by industrialized powers. The levels of social need are much greater in our country than in prosperous geographical regions. The size of our tragedy is much more infinite and troubling.

No Honduran can be at ease while he is aware of the basic needs of his brothers and of the country in general. Now is the time to quicken our pace to overcome the barriers that separate us from the benefits of science and technology, from the benefits of a better life. If the austerity of state administration was a prerequisite for progress, now it is imperative that Hondurans join our patriotic spirit, will, and effort. The country requires and demands it.

My government introduced modernization as the surest way to preserve our achievements throughout our independent life and to secure the right to progress on the path of civilization with a better sense of our new history and without the threats and temptations of totalitarianism.

I am sure that democracy, economic liberty, and respect for human rights will be consolidated during the next four years and continuing down the path to the 21st century.

I embrace each and every one of you with the warmth of a fellow citizen who appreciates and recognizes the humility of Hondurans. I ask God for the new congressmen to be successful, and I express my best wishes to them and the country.

On 27 January I will transfer presidential power in a solemn ceremony filled with hope for the future of Honduras. I trust it will be so, because Honduras' happiness and prosperity will be the greatest reward for me and my family.

Cheers, Honduran congressmen!

Armed Forces Chief on Military's Role in Security

PA2212191993 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 17 Dec 93

["Exclusive" interview with General Luis Alonso Discua Elvir, Armed Forces chief, by Jose Rolando Sarmiento at the ceremony marking the 26th anniversary of the graduation of the Morazan Military Academy's 6th class, at the Academy on 16 December; from the "The Morning Paper" newscast—recorded]

[Excerpt] [passage omitted]

[Discua, in progress] ... officers who have graduated from this academy. Therefore, today we have held a thanksgiving mass in the presence of Constitutional President Rafael Leonardo Callejas, our commander general. All the members of the graduating class, officers of the first graduating class up to the last graduating class, have gathered here today to celebrate this anniversary.

[Sarmiento] Is this a demonstration of the unity of the military institution, which is so important in carrying out its programs and projects and fulfilling that sacred constitutional duty?

[Discua] This is definitely more than a demonstration. Officers should always be united because we face very difficult tasks. I hope that all officers and members of the Armed Forces rank and file will have a merry Christmas and that next year will bring many successes for the benefit of the institution.

[Sarmiento] General Discua, in your 11 December message we sensed a new vision of what the institution foresees for the next four years.

[Discua] Yes, the Armed Forces always analyzes and makes plans for four years. We have a new government, a new national leadership with the election of Mr. Carlos Roberto Reina. The Armed Forces will provide him with full support and he can count on the institution's loyalty.

[Sarmiento] Finally, I would like to ask you: We have already seen in the capital, and probably in the most important cities in Honduras, the deployment of military troops to support the police force. Will this be maintained until year's end so the citizenry may enjoy the Lord's nativity feast and the new year in peace?

[Discua] That is right. We have been told that government and private employees have received their salaries and bonuses. We want them to be able to shop for gifts in safety. We want to keep criminals from being on the prowl and allow the citizenry to be calm and confident so they can enjoy Christmas.

[Sarmiento] Any message for the Honduran citizenry, the people, who expect the Armed Forces to keep up their defense?

[Discua] The Armed Forces will always faithfully fulfill the Constitution. You can be confident that each member of the Armed Forces is a citizen who is fulfilling a service and who has made an oath before the altar of the fatherland to give his life, if necessary, for the defense of this great fatherland called Honduras. [passage omitted]

Panama

Former Comptroller Carles Urges Renegotiation of U.S. Bases

PA2312034093 Panama City EL SIGLO in Spanish 20 Dec 93

[Article by Yali Enrique Pitti]

[Text] Professor Ruben Dario Carles has urged legislators of different parties to approve for the country's benefit the law which will regulate the administration by Panamanians of the Panama Canal after the year 2000.

Former Comptroller Carles said it is necessary to show all the nations of the world with timely anticipation that we Panamanians are ready to carry out a good administration of the interoceanic waterway. Let us stop the nonsense...! The Canal is ours and we must be ready to manage that Canal, not as our forefathers said, for the benefit of the world, but for the benefit of Panamanians, he said.

"Chinchorro" Carles said we must operate a canal that will provide good service worldwide. He noted that the interoceanic waterway and its geographic location must serve Panamanians of all social levels. The real possibilities of our country lie in its reverted areas, according to the former comptroller.

Regarding the topic of the military bases, Professor Ruben D. Carles emphatically stated that if such bases revert to Panama "they will be swallowed up by the jungle" if we do not make appropriate use of them. He

said it is necessary to renegotiate the permanence of these bases by establishing a new negotiation with the U.S. Government.

He explained that in order to secure the permanence of some of its military bases, the U.S. Government might negotiate with Panama the purchase of some of our farming products, textiles, and other things, because for reasons of national security, the United States would be in a position to make many concessions.

Another of the topics that, according to Carles, might be included in the negotiations with the U.S. Government is the operation of military instruments (radars and others) that would also serve to track down drug traffickers and other criminals.

He insisted that we must negotiate with the North Americans with a view to the future and argued that nationalists must realize that nationalism is to find jobs for Panamanians.

Column Views Relations With U.S., Money Laundering

PA2312035793 Panama City EL PANAMA AMERICA in Spanish 22 Dec 93 p 1

[From the "Panama's Pulse" column]

[Text]

Nonintervention

Deane Hinton speaks with so much clarity and openness that it is sometimes offensive. He has said that the United States will abstain from any interference in the course of the election process scheduled to take place on 8 May 1994. That is a fitting disposition and the only one acceptable to all Panamanians. In fact, this constitutes a historical constant that dates back to February 1904. At the time, a large group of deputies staunchly opposed the inclusion of Article 136 in that year's Constitution which would have allowed the United States the judgment to intervene in the country's political life.

Laundering

Ambassador Hinton has called the populations' attention to the problem of money laundering. Drugs are a gigantic business with incalculable ramifications. The end result of this traffic can be counted in billions of dollars annually. These sums are incorporated into the legitimate funds that flow through the banking system. Because of its importance and magnitude, the Panamanian banking system is especially susceptible to this danger. Anything that can be done through legislation and administrative measures to resist this evil is more than justified.

Relations

Although relations between Panama and the United States are of a shifting nature, nonetheless they remain very close. Currently, this relationship centers on the transfer of goods, which will end with the transfer of the Canal in the year 2000. With the end of the Cold War, the U.S. military bases in Panama have lost their previous importance. It is possible that some of these bases may be of use in repressing drug trafficking. It will be up to the next administration to examine this issue by keeping continental security and the national interest in mind.

Former Military Officers Form Committee, Issue Document

PA2212205193 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Dec 93 p A2

[Document issued by the newly created Committee of Torrijist Military Officers, CMT, in Panama City on 20 December]

[Text]

1. Situation:

Upon remembering the fourth anniversary of the bloody invasion of Panama on 20 December 1989, it is appropriate to recognize the true significance of the incident. In addition, it is also the right time to analyze the current situation of frustration and confusion facing our country in general and the Torrijist Movement in particular. Several elements introduced into the national debate and aggravated by a large disinformation campaign have led our society to a state of turmoil. We have lost sight of the ultimate national goal to focus on the intermediate electoral goal. In other words, we cannot see the forest for the trees; or as Torrijos would say, we have turned off the high beams because we have been blinded by the low beams.

With the invasion, the enemy attempted to disintegrate the great Torrijist unity of peasants, workers, students, professionals, businessmen, intellectuals, and military personnel, men and women of our fatherland, whose best national project option was and will continue to be national liberation and participatory democracy. The effect of that tactical defeat destroyed our hope and trust in ourselves. No nation, however, must believe that its destiny, its entire existence, depends on one battle alone. No matter how small or weak a country may be in comparison to its adversary, it can never give up its supreme effort to achieve victory, because otherwise we would have to say that it no longer has a soul. And the great Panamanian people, regardless of their humble origins, have a patriotic soul.

Now, recovered from that tactical defeat, strengthened by Torrijism, and ready to wage a strategic electoral battle that will lead us to the final objective, the enemy is trying to divide and disperse us; it is trying to pit

Torrijist civilians and military personnel against one another so, after wearing ourselves down and making us incapable of gathering our strength, we will fall into a panic. This is never the result of lost battles but of our own weaknesses and the lack of a popular, decisive, and brave strategy. Given this general situation, the ultimate objective is in danger.

2. Mission:

The Torrijist component—civilians and military officers—will recover the national dignity that was trampled upon on 20 December 1989. It will achieve the permanent objective of establishing and maintaining the independent national state, sovereign and popular, in the year 2000. In this course of action, defeating the submissive state and the alliance that supports it is the intermediate objective.

3. Execution:

To fulfill this mission involves, fundamentally, maintaining the unity of the Torrijist forces and other popular and patriotic forces. That entails bringing the electoral debate to its bottom line: either a dependent country submerged in poverty or an independent country moving toward progress. The enemy's strength lies in its ability to keep us divided and with a "flat on our face" attitude. Our strength lies in our people's unity and their desire to persist.

For us, the chiefs, officers, and noncommissioned officers dismissed after the invasion without distinction, the task consists of maintaining the unity, discipline, and professionalism that characterizes us and in developing positive, productive activities to exalt our country and fulfill the mission.

For those who are within the Public Force, the task consists of fulfilling the principle of efficient service for all citizens and continuing to develop the institutional professional activity in order to fulfill that mission. We recall that morale and esprit de corps are the backbone of our profession... and that is never lost!

We call on other Torrijist and patriotic forces to form, among all, a great national movement to recover the country from the prostration to which the invasion government has led us. Electoral victory must derive from this movement. Such a victory, as an intermediate objective, will lead us to fulfill the mission and therefore the ultimate objective set out by General Omar Torrijos Herrera.

As long as we shall live and until the mission is accomplished, this must be the concept of the operation. This will be our best homage to those fallen on 20 December.

[Issued] Panama, 20 December 1993

[Signed] Committee of Torrijist Military Officers [Comite de Militares Torrijistas—CMT]

Lieutenant Colonel Daniel Delgado Diamante

Lt. Col. Carlos Arosemena King

Unofficial Groups Note Increased Civil Rights Violations

PA2312042193 Panama City LA ESTRELLA DE PANAMA in Spanish 21 Dec 93 p A1

[Article by Ruben Dario Diaz]

[Text] Yesterday nongovernmental organizations said that reports on the violation of civil, social, economic, political, and cultural rights increased in 1993 under the current rulers. This is the result of an assessment of rights violations committed against Panamanians.

Roberto Troncoso, president of the Panamanian Committee on Human Rights, said that during the current administration's four-year term, 400 reports on civil rights violations were received, for a grand total of approximately 2,000, way below those registered during the dictatorship, but still a very significant number. [sentence as published]

Troncoso said that most the reports pertain to violation of the rights to work, to own a home, to education, to health, and to culture. "Current rulers are also violating the right to work as long as they fail to create new jobs," he said.

He pointed out that political interests prevail over the interests and needs of groups on the margin [sectores marginados]. In that sense, he believes that during the third and fourth year in power the current government should have provided the people with solutions after the "political mortgages" they acquired in their quest for power in 1989. They promised solutions and respect for human rights but became "masters of deceit" for making promises and later forgetting the needs of the people.

Melanio Valdes, president of the National Human Rights Commission in Panama (Conadehupa), agreed with Roberto Troncoso's assessment and stressed that the government continues to flagrantly violate the right to work, life, health, education, and self-determination of the people, including Indians and farmers. He also stressed that political parties and their candidates are only interested in gaining power through false promises they will never keep.

Argentina

Official Criticizes U.S. Surgeon General's Drug Remark

PY2212141993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2153 GMT 21 Dec 93

[Text] Buenos Aires, 21 Dec (NA)—Alberto Lestelle, programming and coordinating secretary for the prevention of drug abuse and the antinarcotics struggle, emphasized that those who advocate the legalization of drugs "are either ignorant or have interests that are committed to crime."

"The opinions in favor of the legalization of drugs are the result of spurious intentions or, at least, total ignorance."

In a communique released today, the official said the world was "stunned" at the fact that U.S. Surgeon General Joycelyn Elders, who "15 days ago publicly voiced her position in favor of the legalization of drugs, has a son who was arrested on drug trafficking charges."

Lestelle said: "The criminal attitude of adults who want legal drugs would be less terrible if thousands of youngsters were not the innocent victims who pay for such unbiased opinions."

"Adults should always recall that youngsters are always the victims of our wrong decisions or our unconsciousness," Lestelle added.

He concluded by saying that "always, in all cases, youths are the victims of careless, ignorant, or criminal adults."

Nazareno Appointed Provisional Supreme Court Chief Justice

PY2212210693 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1158 GMT 22 Dec 93

[Excerpt] Buenos Aires, 22 Dec (NA)—It has been officially reported that during a meeting held last night, Julio Nazareno was unexpectedly appointed provisional Supreme Court chief justice.

Nazareno will occupy the seat left vacant by Julio Boggiano in November until "full members" are appointed to the Supreme Court.

The news was released through Resolution No. 94/93 establishing that Boggiano's resignation had been accepted through a previous resolution (82/93), which also established that his successor would be appointed "at the proper time."

Supreme Court Vice President Rodolfo Barra had been second in the line of succession after Boggiano, but yesterday the executive branch accepted the resignations tendered by Justices Barra and Mariano Cavagna Martinez.

Despite insistent rumors that Carlos Fayt would be appointed chief justice because he is the most senior member of the court, yesterday Nazareno was appointed provisional chief justice, although he was mentioned among those who would be replaced.

Gustavo Bosert, Guillermo Lopez, and Hector Masnatta recently were appointed to the Supreme Court within the framework of the political pact signed by the Radicals and the Justicialists.

Nazareno will be chief justice while the new Supreme Court justices are appointed. The chief justice will be chosen only after these appointments.

The haste in appointing Supreme Court officials is in view of the need to formally respond to a claim submitted by Justice Minister Jorge Maiorano, who proposed the need to suspend the January courts leave so as not to delay pending penal cases.

However, the only decision made during yesterday's meeting was Nazareno's appointment. Nazareno was elected with a majority vote while Biggiano and Fayt abstained from voting. [passage omitted]

Armando Caro Figueroa Named New Labor Minister

PY2312001493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2332 GMT 22 Dec 93

[Text] Buenos Aires, 22 Dec (NA)—President Carlos Menem stated a few minutes ago that Labor and Social Welfare Minister-designate Armando Caro Figueroa will be installed in his post after the cabinet meeting on 23 December.

Caro Figueroa will participate in the cabinet meeting as an "observer," and as soon as the meeting is over will be sworn in by Menem during a ceremony to be held in the White Room of Government House.

Labor Minister Tenders 'Irrevocable' Resignation

PY2212233993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2001 GMT 22 Dec 93

[Text] Buenos Aires, 22 Dec (NA)—Leandro Gil Ibarra, Labor Ministry spokesman, has confirmed that Labor Minister Enrique Rodriguez this afternoon tendered his "irrevocable" resignation.

It has been reported that Rodriguez submitted his resignation to the aide de camp on duty at Government House.

Agriculture Secretary Assesses Benefits of Uruguay Round

PY2212234093 Buenos Aires CLARIN in Spanish 17 Dec 93 p 33

[Text] Felipe Sola, the agriculture, livestock, and fishing secretary, said yesterday: "It is far from what we hoped

for, but we are aware that the agreement almost failed and this is why I am satisfied that the GATT Uruguay Round has concluded." Sola held a news conference during which he assessed the benefits for Argentina of the agreement reached on 15 December in Geneva.

Sola believes things will never be the same again. Agricultural raw material stocks [given in English] will not grow at the same rate as they did in previous years when subsidies caused a violent increase. The reduction of subsidies for producers in developed countries has caused "the markets to become strained as if prepared to endure any shortage, and this pushes prices up."

Sola said the mere hope for a happy ending of the GATT talks has had greatly influenced the strong increase this year in corn, sunflower seed, and soybean prices. He added: "It is unlikely we will have worse prices than during the past few months."

But Argentina has progressed well in "accessing markets" as a result of negotiations held with the United States, Europe, and Japan. The United States has granted a 25,000 to 45,000 tonnes quota for peanuts, which will only pay the import tax of a "most favored nation," and 20,000 tonnes of peanut butter under the same terms. Peanuts are an important product of Cordoba Province which has produced an average of 250,000 tonnes per year for the past decade. The new U.S. quota represents an increase of 40 percent on the exported volume of peanuts and peanut butter.

As for cheese, the United States has now approved the importation of an additional 1,750 tonnes free of import taxes. It also decided to reduced by 33 percent the import tax on grape juice. But the greatest impact is on refrigerated and frozen meat, one of the issues of greatest interest for Argentine negotiators. The United States authorized a quota of 22,000 tonnes, although this is subject to a health agreement due to the foot and mouth disease problem. The United States has always been reluctant to open its market to meat, therefore, the announcement was received with surprise.

CLARIN asked Felipe Sola why the United States had yielded on this. The agriculture secretary answered: "Simply because they were told that if they did not grant us that we would not sign the final agreement of the Uruguay Round, which had to be unanimous." The 22,000 tonnes is equivalent to the much-valued Hilton quota, although the greatest advantage of the authorization is that it is focused on the most valuable cuts, which also sell well in Europe.

A 50-percent tariff reduction on cooked and tinned meat and a 55 percent reduction on essence oils was also obtained. The current sugar quota, which the United States was also questioning, will be maintained. A reduction of more than 36 percent on the import taxes on edible vegetable oils, essence oils, hides, and some fishing products was also negotiated.

Lastly, the European Union has reduced the tax on apples by 36 percent while a consignment of 500,000 tonnes of corn and soybean continues to be negotiated.

Protests Over Unpaid Salaries in Santiago del Estero Province

PY2212153393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1318 GMT 22 Dec 93

[Quotation marks as received]

[Text] Santiago del Estero, 22 Dec (NA)—Government trustee Juan Schiaretti has had to face his first protest by public servants, this time from workers in Termas de Rio Hondo, Loreto, and Fernandez, who demanded payment of a 500 peso allotment set as an advance on the unpaid salaries of the last three months.

Schiaretti's unfulfilled promise to pay at least part of the unpaid salaries prompted strong protests by municipal workers in front of their respective work sites, during which there were some incidents. The strongest protests occurred in Rio Hondo, where public servants began demonstrating at around 0900 and ended up throwing garbage in front of the house of Mayor Carlos Nieva. The incidents ended at midday, and the operations to control the protest were led by Brigadier Andres Antonietti, security secretary of the intervention.

In Loreto and Fernandez, public servants peacefully took over the local government headquarters, while in Nandatuyi and Frias, workers promised to "sleep in front of provincial bank headquarters until they collect "what has been promised."

The municipal governments of the capital and La Banda, both run by Radicals, on 21 December announced they received federal funds and today they will begin paying the October salaries to contracted workers and employees and the November salaries to all workers.

In turn, Antonietti hosted a news conference to "explain how the situation was managed" after the serious incidents last week. He also outlined "the steps to be taken."

It was also reported that local and national journalists accredited with provincial authorities held an assembly in which they declared national Radical Deputy Jose Luis Zavalia "persona non grata," and asked for "guarantees for the work by the press" from Jorge Busti, the minister of government of the intervention.

In the capital, the resumption of work produced some movement in stores, in addition to the fact that people could buy some essential commodities because they had more money. This is the first day on which stores opened their doors after the incidents last week.

The police guard that was watching the city until the arrival of Border Police has been relaxed and, compared to previous days, there are fewer troops patrolling downtown streets.

Interprovincial Electronic Mail System Established

PY2212151493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2135 GMT 21 Dec 93

[Text] Buenos Aires, 21 Dec (NA)—The Federal Communications Council [Consejo Federal de Comunicaciones] on 21 December approved the establishment of an interprovincial satellite link and of commissions in charge of studying the broadcasting law.

The National Telecommunications Commission [Comision Nacional de Telecomunicaciones] (CNT) reported that during a meeting in Buenos Aires the council, which comprises representatives from all the provinces, decided to establish an electronic mail system.

The electronic mail system will interconnect the telecommunications directorates of all Argentine provinces.

Moreover, the council studied the extent of CNT resolution No. 5373, which compels telephone companies to reimburse "overcharges" to provincial and municipal offices.

The council also accepted an invitation extended by Communications Under Secretary Oscar Gonzalez to assist the commissions in studying the radio broadcasting and telecommunications law.

The council also approved the 1994 budget and appointed Jorge Fernandez from La Pampa Province as secretary general, Jose Arnaudo from La Rioja as alternate secretary, and Mario Guerrero Cortes from San Juan Province as secretary.

Brazil

President Franco Appoints Acting Communications Minister

PY2212235893 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 22 Dec 93

[Text] President Itamar Franco has chosen another acting minister. Telemige—the Minas Gerais telecommunications enterprise—President Djalma Moraes is taking over the Communications Ministry. He replaces Communications Minister Hugo Napoleao, who returns to the Senate.

Djalma Moraes, 56, was born in Alagoas State. He is a communications engineer and a friend of President Itamar Franco. Moraes has worked in various enterprises from the Telebras [Brazilian Telecommunications, Inc.] Group. Moraes was Telemige president in Minas Gerais before he was invited to head the Communications Ministry.

PLO Foreign Minister Faruq Quddumi Interviewed

PY2212123493 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Dec 93 Section 3 p 4

[Interview with PLO Foreign Minister Faruq Quddumi by "special correspondent" Sergio Malbergier in his Brasilia hotel room—date not given]

[Text] [Malbergier] You have taken a position against the PLO-Israeli peace agreement signed in September. Have you already changed your position?

[Quddumi] No. I did not change it...yet. There are some tricks we must avoid. This is a constructive position.

[Malbergier] Has your position affected your relationship with 'Arafat and your position within the PLO?

[Quddumi] No.

[Malbergier] But why did you not, as the PLO "foreign minister," sign the agreement in Washington together with your Israeli counterpart, Shim'on Peres?

[Quddumi] That is a provisional agreement. I am ready to sign the final agreement, not the interim agreement. That agreement established the guidelines on how to continue the negotiations.

[Malbergier] Do you trust Rabin and Peres?

[Quddumi] I do not.

[Malbergier] But how can you sign an agreement with them?

[Quddumi] It is for this reason that I did not sign it (laughs).

[Malbergier] But now you are involved in a peace process.

[Quddumi] That agreement is a test of intentions for both sides. (The Israelis) must withdraw from all the Palestinian territory conquered in 1967.

[Malbergier] What is 'Arafat's standing today within the PLO? He has been receiving much criticism.

[Quddumi] 'Arafat is strong as always. As long as we have opposition, we will have people criticizing our plans. This is democracy. The U.S. president, when he won the elections, did not have more than 51 percent of the votes.

[Malbergier] There are people within the PLO who claim that 'Arafat is choosing a future Palestine administration in Gaza and Jericho according to political guidelines, disregarding the professional capacity of other candidates.

[Quddumi] 'Arafat is the leader of this revolution. We make up our Palestine Council for Development and Reconstruction, and we have agreed with brother Faruq

Quddumi [as published] to be the chief of said council. Thirteen other members have been indicated. But as I said, some people have been left outside and they make up the opposition.

[Malbergier] Has the PLO begun receiving money to develop the occupied territory?

[Quddumi] We already have received some millions (of dollars) to begin the implementation of some plans.

[Malbergier] 'Arafat has been criticized for the centralized manner in which he is handling PLO money. Do you agree with those criticisms?

[Quddumi] Some criticisms may be correct. But not all.

[Malbergier] Which criticisms are correct?

[Quddumi] How do you expect a man who has lived through a diaspora and who was expelled from one Arab country to another, where there is no democracy and a regime is erased from the map by the following... he must have absolute control (of resources).

[Malbergier] Were you aware of the secret negotiations between the PLO and Israel in Norway, which led to the peace agreement?

[Quddumi] From the beginning we had different channels (of negotiations). There were more than 20 channels outside the negotiations in Washington. Norway was only one of the two [as published] channels. I was not very much aware of it, but I knew about other channels. My "brother" Abu Mazen [name as published] (who signed the agreement) was the chief of the negotiations in Norway.

[Malbergier] You are one of those refugees who left the then-Palestine in the 1948 war and was left out of the current agreement. Aren't they feeling betrayed?

[Quddumi] This is not the final agreement. This is the beginning. And we must negotiate the problem of refugees in two years. They have the right to return to their land according to UN Resolution 194 or receive compensation. The right to return is a priority.

[Malbergier] Do you feel that it will be easy for the PLO to change from a revolutionary to a political and democratic group?

[Quddumi] We are a political and military group at the same time. We helped our people within the occupied territories to establish several universities, run hospitals, and take care of their social matters. We built some schools in Lebanon.

[Malbergier] There are some guerrillas within the PLO who perhaps are not very much accustomed to democracy.

[Quddumi] They will become part of our policy.

Finance Minister Willing To Drop Part of Economic Program

PY2212134393 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 22 Dec 93

[Text] In a meeting with northeastern governors, Finance Minister Fernando Henrique Cardoso accepted eliminating from his economic program the proposal that called for withholding 15 percent of the funds allocated to state and municipal governments. To replace this proposal, the governors and Finance Ministry experts will study alternative ways of covering the $2.7 billion that would be assigned to the social emergency fund. Minister Cardoso also said that negotiations with the governors will not require that the proposal be eliminated from the suggestions to amend the Constitution, which already have been sent to Congress, because the congressmen themselves will have to decide on it.

Finance Minister Cardoso said that price increases worry him very much, particularly because there is no reason for them. He asked the people to boycott the increases by not purchasing articles whose price has been increased.

[Begin recording] [Cardoso] It worries me very much indeed because there is no reason for these increases. They are mere speculation and harm the people. I believe one should think twice before purchasing things because there is no reason to increase prices. There is no reason to increase prices as a preventive measure. The government is playing an open hand; the budget will be approved by the Congress, and there is no reason for an immediate increase in prices. Therefore, the people must react to that with dignity. If possible, they should not buy articles whose price has been increased.

[Unidentified reporter] What is the relation between price increases and cutbacks to be made to the budget?

[Cardoso] None at all. The budget cutbacks will only help if we fight inflation. This is what I am asking Congress to do: to swiftly approve the budget, because by doing so we will have mechanisms to stop price increases. This is imperative; it must be done because the country can no longer put up with this situation. [end recording]

Minister Cardoso believes the solution is to have Congress approve the government measures because the Real Value Unit will balance prices.

'Significant Increase' in November Tax Revenues Noted

PY2312024293 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Dec 93 p B4

[Article by Jocimar Nastari]

[Text] Brasilia—The Federal Government's revenues in November amounted to 887.8 billion cruzeiros, or $4.314 billion at last month's average dollar exchange rate. This result represents a 38.1 percent increase over

the tax collection for the same month in 1992, and is 18 percent higher than in October 1993, according to Federal Revenues Secretary Osiris de Azevedo Lopes Filho. November's tax collection was surpassed only by that of May 1993, when collection amounted to approximately $4.5 billion.

The secretary explained that the significant increase in tax collection in November is the result of the following reasons: the success of the program designed to fight tax evasion; a resumption of economic growth; and Provisional Measure No. 368 (issued on 29 October 1993) bringing forward the deadline for the payment of all federal contributions and taxes.

Lopez Filho said that Provisional Measure No. 368 resulted in tax collections equivalent to $200 million (53 billion cruzeiros) in November. This will, however, not happen again, because bringing forward the deadlines for tax collection only increases the amount collected during the month the measure is implemented.

The Finance Ministry is going to block transfers from the Fund of Municipal Participation for 2,000 city councils if by mid-January they have not collected the payments in arrears for the PIS-Pasep [Social Integration Program/ Government Employees Welfare Fund]. According to Lopes Filho, the Revenue Office will next week notify by mail all the city councils, which will have 30 days as of the day they receive the notification to discharge the debts or sign an agreement to reschedule them.

Revenue Office experts have disclosed that the 2,000 city councils owe approximately $500 million (132 billion cruzeiros).

Next week the Revenue Office will also notify by mail the 40,000 enterprises with the largest debts in having failed to pay their contributions to the Social Security Fund [Financiamento da Seguridad Social, Cofins]. These taxpayers are not included among those who over the past few years have questioned the Cofins legal status and deposited their contributions in court.

Finance Minister Cardoso Interviewed on Social Fund

PY2212183293 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Dec 93 Economy Section p B4

[Interview with Brazilian Finance Minister Fernando Henrique Cardoso by Cristiana Lobo, Armando Mendes, and Jose Negreiros; place and date not given]

[Text] [O ESTADO] Are you not concerned that other ministries might resort to the court to obtain an injunction, as the Attorney General's Office did?

[Cardoso] But that is not true. That injunction was probably granted on the basis of the autonomy of the judicial branch. The legislative branch is the only one that can do something similar. Well, it might be correct from the judicial view point, but I will appeal to their patriotism. If you are right then that will be the end of the state. We have reached the limit. Here we are saying: Look, here is a solution, an agreed solution. Isn't everyone talking about an agreement? I am proposing a broad pact, I am proposing a solution that must enjoy a consensus. It is not a political pact to elect the president of the Republic, it is a pact to allow the state to function because the necessary constitutional reform has still not materialized. It is only a stopper, but under the current circumstances it represents a true governability pact. The next government will inherit it from Itamar's government. If we do not take that path I do not see how we can control all the processes that will be unleashed, especially during an electoral year. The price we must pay is nothing compared to that paid by other countries that carried out a stabilization process.

[O ESTADO] Does the Attorney General's Office have any reason to complain so bitterly. Have you reduced their budget drastically?

[Cardoso] The Attorney General office's budget was reduced by only $35 million. That is nothing. The mistake is to compare the 1994 draft budget drawn up in August with the 1994 draft budget drawn up in December when what must really be compared is the 1993 executed budget with the 1994 draft budget drawn up in December, which has an important characteristic: It does not include any contingency funds. Therefore, there is no point in comparing the 1993 budget with the 1994 budget, because the 1993 budget included contingency funds. It is important to see what each organ really received in 1993 and what it will really receive in 1994. What each organ will "really" receive refers to an automatic disbursement, it has its value and it is real. Some say: "It will become unfeasible to continue to operate in certain areas." But this is nonsense. That is precisely what I am going to discuss today at the Supreme Federal Court: Beware of those who want to spend and who say: "We are not going to be able to work, there will be no money." This is not so. The problem here is a "paper war." If we have rational procedures we will have more money for all—states and municipalities—to spend in 1994, in dollars, than there was in 1993. But one cannot implement the crazy policy of screaming for more money and having to resort to contingency funds.

[O ESTADO] Former Minister Delfim Netto has reiterated that you did not actually make any budget cuts.

[Cardoso] That is not true. Above all there was a reduction in expected expenditures, which become expenses for which no funds were provided and which became debts. Another criticism by Netto was that we cut only overestimated figures. The fact is that the budget—which was designed in August—provided for a dropping inflation and we began to work with a stable rate because we will stabilize the currency. We then made cuts. How? There was a potential deficit of $26 billion of which $4 billion corresponded to non- inflationary financing from international organizations. So, there was $22 billion left

to cut. We recalculated personnel expenses, reducing them from $27 to $23 billion, and eliminated all possibilities for increasing personnel, even through selection. We will maintain the number of personnel as authorized by law. We did the same with Social Security expenses, which we reduced by more than $3 billion. We still had to cut $15 or $16 billion. At the ministries we cut allocations for "other expenses and capital," thus finding another $6 billion. We still had to cut another $9 billion. This gave rise to the Social Emergency Fund.

[Text] [O ESTADO] Everyone lauds the new program, but warns: It will not be passed in Congress. What can be done?

[Cardoso] How should it be resolved? It is not enough to significantly increase taxes because society does not pay them. The federal net tax burden totals 18 percent of the GDP, which is very moderate and the state and municipal net tax burden totals 24 percent of the GDP. It is a low percentage. It has been so for many years. Whatever needed to be tightened, adjusted, or reduced concerning deadlines was done at the end of the year, for example the IOF [Financial Operations Tax], even though there was a public outcry. This year we increased tax collection by $500 million per month just on the basis of the country's economic upturn and the fight against tax evasion. Tax revenues, which totalled $1 billion in November, rose to $4.4 billion. Notwithstanding this, expenses are on the increase, surpluses keep shrinking, and there is no other way the government can raise taxes. Even a minimum increase in the tax bracket on income taxes would provide $3.7 billion toward the needed $9 billion.

[O ESTADO] Governors and mayors insist that no restraints should be imposed on spending ...

[Cardoso] The evolution of nonfinancial government spending between 1977 and 1992 shows a most serious state of affairs. Federal appropriations for states and municipalities started to edge up under General [Joao Baptista] Figueiredo [Brazilian president from 1979 to 1985]. He became weak and started to allocate money freely. Education allocations have also increased considerably. Moreover, there are other allocations like Finam [Amazon Investment Fund] and Finor [Northeast Investments Fund]. There was also a surge in the money budgeted for social security. Meanwhile, the financial resources in the federal government's coffers have been slashed by half over the last 10 years. The Social Welfare Ministry squeezed health care budget in 1993. What remains is apportioned among staff, transport, agriculture, science, and technology. It is impossible to manage our country in this way. There is no possible solution to it. And it is no use increasing taxes because each tax unit that we collect has to be earmarked under the appropriations system. This is why we came up with the idea of the Fund. I am going to borrow $1.7 billion on the financial market this month at 20 percent interest rate to pay for health care and the program to combat hunger in the Northeast. I have asked for the release of 15 percent of appropriations to avoid having to ask for loans such as this and to tell municipalities that the money appropriated to them should be spent on health care rather than education or new projects. It is a way to finance what I am bound to do by the Constitution.

[O ESTADO] Do you think, Mr. Cardoso, that you are bringing congressmen, governors, and mayors round to the fact that the Fund is the best solution?

[Cardoso] Health Minister Henrique Santillo came here yesterday. He thought I was going to add that 15 percent to health care. I explained to him that he will now be able to negotiate with states and municipalities because he will have at his disposal the money from the Unified Health System [SUS]. Otherwise, it is extremely easy—one need only delay the release of funds with the inflation running at 35 percent per month. This is so logical that we are trying to do something to improve things rather than to cause confusion! If the Senate decided that disbursements in 1994 will be on a monthly basis, released on the fifth day of the month, it would not bother me because we would have a balanced budget. The 15 percent to be tied up from municipal appropriations will only yield to $2.7 billion. All this fuss is because of that. They will get that $2.7 billion but it will determined beforehand for what purpose those funds will be earmarked. Moreover, as tax collection will rise by 15 percent in 1994 in real terms, they will receive the same amount of money in dollar terms as this year plus that 15 percent. What is more, we will release more funds for the SUS. The Senate has proposed that the appropriation of funds for municipalities will maintain the same percentage as they currently have in the revenue- sharing fund. I totally agree with this. Whatever serves to make things more clear, more open, is welcome.

[O ESTADO] Taking stock of your first political contacts to peddle your plan to them so that it may be passed by Congress, do you think your plan will be carried?

[Cardoso] I think Congress will pass it. During the Senate session on 14 December, not one single senator failed to say "the plan is excellent, but it has this and that." "This and that" is the mechanism for the fund management, which is not very well understood. Once this was explained, the congressmen said: "Then, let us clear that up." I have no doubt whatsoever that the Senate will pass it. Senators Esperidiao Amin, chairman of the PPR [Progressive Renewal Party], and Ronan Tito [PMDB-MG] [Brazilian Democratic Movement Party - Minas Gerais] have already defined their stance very clearly. Now, with the Chamber of Deputies, I will have to appear before it again and discuss things. It will appoint a special committee.

[O ESTADO] And the state governors?

[Cardoso] [Minas Gerais Governor] Helio Garcia supports the idea because some of his people know how the fund will operate. I talked to [Sao Paulo Governor Luiz Antonio] Fleury and he said: "Well, that is different, we will have to talk about it." Delfim did not criticize it,

what he said was outside the point. Pastore [not further identified] and [Henrique] Simonsen supported it. Among the previous finance ministers, Simonsen, Mailson [da Nobrega], [Luis Fernando] Bresser, Paulo Haddad, and [Gustavo] Krause supported it and only Marcilio [Marques Moreira] was against it, and only because of the fiscal reform. I asked Bahia Governor Antonio Carlos (Magalhaes) to allow me to explain to him the way the fund will operate. That is being arranged. Governor Magalhaes has that special political position. He is a big fish, is he not? You must give them a lot of line so that they can first do their own campaigning. I will talk with him frankly. I did not speak with [former President Jose] Sarney yet. I will have lunch with Northeast state governors before the end of the year to explain the program. I will visit the Northeast city of Recife this weekend to participate in a supply program. I will make many trips to the interior of the country to talk with governors, to explain, and to ask them: Do you have a better solution? Please tell me if you do. They are administrators and will realize that Brazil cannot be administered under the present conditions. We are building a workability bridge that is programmed on last two years. The first year of the next government will also be very difficult. Presidential candidates should be very sensitive to the problem.

[O ESTADO] Lula [Workers Party, PT, President Luis Inacio "Lula" da Silva] does not support it, does he?

[Cardoso] Tasso Jereissati [Brazilian Social Democracy Party president] talked with Lula, and I will also talk with him. Senator Eduardo Suplicy made some good observations yesterday. He phoned to say he liked my speech. The PT is not in an aggressive position. I have already talked with [Rio de Janeiro] Governor [Leonel] Brizola, [Rio Grande do Sul Governor Alceu] Collares, [Santa Catarina Governor] Vilson Kleinubing, and [Rio Grande do Norte Governor] Agripino Maia and I will talk with [Goias Governor] Iris Rezende next. The problem is that a new policy demands time and patience. There is no other way. You cannot push a button and have an individual agree with you, even if you explain the problem carefully.

[O ESTADO] What about the surcharge?

[Cardoso] No one wants the 5-percent surcharge. If anyone can suggest another mechanism, fine. There are alternatives to produce the extra $9 billion we need. Congress can authorize a swifter privatization process, even though that will not resolve the cash flow problem. In France, the government took out a national loan with eight years maturity and low interest rates. It was alright. It is a noninflationary financing system, but will people agree here? We cannot continue indefinitely with this financial system.

[O ESTADO] Why did the president say that the next three months will be decisive?

[Cardoso] Because of what I have already explained. It is enough to look at the figures to know that the government will not be able to administer the country very well if unless there are changes. The inflation rate might not explode, but it is climbing and we do not have ways to bring it under control.

[O ESTADO] Will you drop the program if the adjustment has not been approved by January?

[Cardoso] No. Despite all the criticism I think Congress will respond to the national interest. That is the way Congress does things. If you ask them one by one they will probably be against it. Who can favor increasing taxes? Not even me. I am against it. Now, when you look for alternatives, check the figures...and Congress will have a problem when analyzing the budget and when the lobbies express themselves. There will be more shouting.

New Sergipe Petroleum Well To Begin Operations Shortly

PY2212233793 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 22 Dec 93

[Text] A new petroleum well on the continental shelf of Sergipe will begin operations within the next few days. It is located in the Guaricema field, off the town of Mosqueiro. Petrobras [Brazilian Petroleum Corporation] believes that the well's reserves total some 360,000 cubic meters of oil and 16.8 million cubic meters of natural gas. Sergipe is the fourth largest petroleum producer in the northeastern region.

Beginning in April 1994 there could be a shortage of alcohol in some northeastern areas. According to Petrobras experts, to guarantee the supply Brazil will have to import approximately 1 billion liters, with 800,000 liters earmarked for the northeastern region alone.

According to Petrobras, the main cause of the possible shortage of alcohol fuel is the breakdown of more than 50 percent of the sugar cane harvest due to the drought and the use of sugar cane for the production of sugar.

Union Leader Medeiros Joins PP; To Run for Senator

PY2212234793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Dec 93 p A8

[Excerpt] Luiz Antonio de Medeiros, the president of Union Force and of the Sao Paulo Metalworkers Union, yesterday signed his PP [Popular Party] membership card, and announced that he would run for senator next year. He explained: "No leader can resist for long without deteriorating. I have therefore decided to return to the political arena." PP President Alvaro Dias, a former Parana governor, proposed Medeiros for president of the Republic. Dias added that the PP now has a nationally recognized candidate, and is open to alliances for the elections. [passage omitted]

Papers Found at Deputy's Home Incriminate Cardoso, Others

PY2212134593 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 22 Dec 93

[Text] Documents found by Federal Police at Deputy Joao Alves' apartment show the construction companies' power over the Joint Budget Committee. According to the Congressional Investigating Committee, CPI, looking into the corruption scheme linked to budget allocations, the documents make several references to the following companies: Queiroz Galvao, Norberto Odebrecht, CBPO, and OAS [expansions unknown]. Among the documents, there are several lists the companies made about work they did. Some of the lists were attached to copies of the budget amendments presented by congressmen and had the name of each company's representative.

Another document reveals the name of 17 senators and 13 deputies who allegedly asked Joao Alves to allocate funds to social organizations. Finance Minister Fernando Henrique Cardoso, Senators Nelson Carneiro and Humberto Lucena, and Deputies Jose Serra, Delfim Neto, and Roberto Campos are among the congressmen mentioned in this document. The CPI members suspect that this document is one of Joao Alves' maneuvers to incriminate these congressmen.

The Budget CPI also suspects that Deputy Joao Alves wrote a letter, with economist Jose Carlos Alves dos Santos' signature, that was sent to Senator Jarbas Passarinho on 9 December. The CPI has already confirmed that Alves dos Santos' signature was forged and that the list of names mentioned in the letter follows the same order of a list contained in a handwritten document found in Deputy Alves' apartment.

* CPI of CUT Probes Foreign Funding of PT

94SM0130A Sao Paulo ISTOE in Portuguese 24 Nov 93 pp 24-28

[Article by Marcelo Bauer and Luciano Suassuna with the cooperation of Jorgemar Felix, Fabio Sanchez, and Otaviano Lage: "Star in Check"; introductory paragraph in boldface as published]

[Text] A CPI [Congressional Investigating Committee] investigating the CUT [Sole Workers Center] is putting the PT [Workers Party] and its candidate on the rack with accusations and looking ahead to the 1994 election campaign.

Sao Paulo and Belo Horizonte—The whirlwind of accusations of corruption has arrived at the door of the only party that had previously been safe from the moralizing wave in Brazilian politics. At 2115 on Wednesday the 17th, the speaker of the Congress, Humberto Lucena (PMDB [Brazilian Democratic Movement Party], Paraiba), read the document establishing a congressional investigating committee to uncover the financial and electoral ties between the Sole Workers Central Union and the Workers Party. No fewer than 307 of the 584 congressmen backed the initiative by Senator Esperidiao Amin (PPR [Progressive Renewal Party], Santa Catarina), who wants to lift the banking secrecy enjoyed by the CUT and union leaders to discover how the most active central union in Brazil's history is connected to the country's best organized political party. The main reason for the new CPI established by Congress is Luis Inacio Lula da Silva's steady advance as a presidential candidate. His candidacy—or the precampaign that is already under way (Lula made his third tour of the northern part of the country last week)—is the real target of the investigations. But in the sibylline language of Congress, the CPI was established to "investigate facts and accusations related to the regularity of the source and use of financial means, both international and domestic, funneled to the CUT and its related organizations and either transferred or made available to the PT."

"We are not saints," said Senator Eduardo Suplicy (PT, Sao Paulo) in the midst of the debate on Wednesday. He is one of the party's rare voices to admit to natural human sins. Like all the congressmen in his party, Suplicy tried to keep the CPI from being set up. The collection of documents and information that would justify a CPI is in fact insignificant compared to all the suspicions aroused, for example, by the CPI's investigating P.C. Farias and the current CPI concerned with the budget. But there are some loose stitches that a careful investigation might be able to tighten up. Documents obtained by ISTOE show that at least one check sent to the CUT by a foreign union was cashed on the parallel market. That check, dated 27 May 1993 and made out for $1,932, was from the International Confederation of Free Trade Unions [ICFTU], whose headquarters are in Brussels, the capital of Belgium. The check, made out to the CUT, was endorsed by CUT President Jair Meneguelli and former treasurer Delubio Soares de Castro before being cashed at a foreign exchange house. Brazilian law requires that foreign contributions be reported to the Central Bank and included on tax returns. Last week, the CUT's check was in the hands of a Sao Paulo dollar dealer and not on the list of official contributions that the organization supplied to ISTOE's reporters. Some of those contributions were for amounts less than the $1,932 received from Brussels. Meanwhile, a Xerox copy of the check was circulating in Sao Paulo political circles linked to Mayor Paulo Maluf.

"I don't recall what may have happened," said Meneguelli when confronted with the document on Friday afternoon. The CUT president's reaction was similar to that of congressmen being accused by a CPI. First, Meneguelli claimed that his organization had never engaged in any illegal operations. When confronted with the copy of the check, he asked for time to find out what had happened. Shortly after that, the CUT announced that the money constituted reimbursement for an airline ticket used by a union official who was in Brussels on 24 and 25 May for a meeting on the union movement and the environment. Meneguelli admits that

the signatures on the back of the check are genuine, but he has not explained why the check was cashed on the parallel market. A check for barely $2,000 is not much compared to the size—literally 1,000 times greater—of the documents exhibited during the "interrogatories" conducted by the CPI investigating the budget. But it does strengthen Senator Esperidiao Amin's case when he says that "everyone knows that the CUT operates with a secret fund." And Amin adds: "It will be the CPI's job to show how that money is transferred to the PT."

Officially, the CUT received exactly $786,124.74 from abroad between 4 February and 19 October 1993—the equivalent of $3,046.99 per day, including Saturdays, Sundays, and holidays. The list of remittances of foreign funds to the CUT reveals that in 1993, the organization was honored with funds from Belgium, Holland, France, Spain, Italy, Switzerland, Great Britain, and Germany. Those francs, guilders, pesetas, lire, pounds, and Deutsche marks were spent on publications, seminars, classes, TV courses, and travel. The largest sum of money came from the ICCO [expansion not given] in Holland, which sent $253,681.29 on 30 September to finance CUT training programs for union leaders, seminars, and national meetings. "If the CUT had any money left over, it would have no problem paying its employees, who are constantly complaining about their salaries," says Deputy Jose Dirceu (PT, Sao Paulo). "What they are trying to do is drag the PT through all this dirt in order to get at Lula's candidacy."

PT Group's Budget

Organization	U.S. dollars
PT (1993 estimate)	$678,000
CUT (1992)	$12 million
CUT-affiliated unions (1992)	$38 million

Source of CUT Dollars in 1993 (foreign organizations donating money to the central union in U.S. dollars)

Country	Organization	Type	Amount
Holland	ICCO	Church-related NGO*	414,873.04
Holland	FNV [Netherlands Trade Union Federation]	Central union	264,413.98
France	CFDT [French Democratic Confederation of Labor]	Central union	22,461.70
Spain	FASE-PPM**	NGO linked to central union	2,998.21
Spain	CCOO [Workers Commissions]	Central union	22,080.00
Switzerland	FIT/CM**	Union organization	2,830.28
Switzerland	ILO [International Labor Office]	UN organization	22,000.00
Belgium	ICFTU	International confederation	4,000.00
Italy	ISCOS**	NGO linked to central union	25,856.49
Great Britain	LTC**	NGO	1,539.04
Germany	DO**	Central union	3,072.00
Total (as of 19 October)			786,124.74

* Nongovernmental organization.

** [expansion not given].

Source: CUT and PT.

The PT's mobilization against the CPI on the CUT brought results. Following approval of the petition establishing the CPI, the party began a movement to put pressure on PMDB and PFL [Liberal Front Party] congressmen to keep their leaders from appointing members of the CPI. On Thursday morning, the PT leader in the Chamber of Deputies, Vladimir Palmeira, telephoned PFL Leader Luis Eduardo Magalhaes to find out whether the latter was willing to delay setting up of the CPI. He heard what he wanted to hear. "This is not the right time," Luis Eduardo said. "First we need to finish the work of the CPI on the budget." That delay in starting the investigation seems to have been included in Amin's calculations. Contrary to tradition, the CPI on the CUT will have 180 days in which to complete its work. Investigating committees such as those appointed to investigate P.C. Farias and the budget are usually given only 45 days in which to do their job. By authorizing a six-month period, the 307 deputies and senators signing the petition are pushing the CPI on the CUT into the period of the election campaign—exactly as was feared by Meneguelli, who insisted more than once during the week in question that the CPI should be set up immediately.

Over a year ago, Amin tried to find a legal loophole enabling him to get his hands on the CUT's accounting records. His first attempt was on 12 November 1992, when he tried to gain access to the organization's banking records while the CPI investigating the causes of tax evasion was doing its work. That idea failed for lack of evidence. On 11 August 1993, he obtained enough

signatures to begin the investigation into the CUT and the PT, but that petition was stalled for another three months before finally receiving approval. Regardless of how solid the evidence behind it may be, the political battle surrounding that CPI is impressive mainly because of the way the PT has changed its tune. After spearheading the investigations into Collor's affairs and the budget dwarfs, the party was now crying persecution. "If they want to use the CPI to defeat Lula, we are headed for civil war," Deputy Jose Dirceu railed. In July, when the Paubrasil case burst into the open (Paubrasil is the name of the firm, owned by pianist Joao Carlos Martins, that was accused of operating Paulo Maluf's secret campaign fund in the race for mayor of Sao Paulo), that same Jose Dirceu was contacted by the mayor's advisers, who proposed a truce. "I want blood," he said at the time and rejected the proposal. "It is not by investigating embezzlement in the PT that they are going to defeat Lula's candidacy," predicts Deputy Jose Genoino (PT, Sao Paulo). "If we lose the election, it will be because of our proposals for the country, not because of accusations. People know that the PT is an honest party."

But that blustering about the correctness of the party's principles does not jibe with the political action launched by the PT to halt investigations into its possible irregularities. Having become the target of accusations, the party is reacting like Bahia Governor Antonio Carlos Magalhaes (PFL): it is attacking its accuser. "They can have their CPI on the CUT, but we are going to demand a CPI on the National Confederation of Industries to show how many senators receive money from the employers," says Deputy Pedro Tonelli (PT, Parana), as though one accusation would cancel out the other. On the day when Congress approved the CPI, the PT presented the Office of the Attorney General of the Republic with a petition to investigate possible favoritism shown to the C.R. Almeida construction firm in March 1987—during the last two weeks that Amin was governor of Santa Catarina. Its petition, a case of pure retaliation, was described as "blackmail" in a commentary by journalist Gilberto Dimenstein of FOLHA DE SAO PAULO. The external signs of uneasiness could also be seen in a deplorable interview with CUT President Jair Meneguelli, who called Senator Amin a "crazed killer." Meneguelli was confusing the senator with his father, also named Esperidiao Amin, who had killed his brother. By trying to dig up personal and tragic incidents from the past, Meneguelli wound up being censured by several PT members, among them Senator Suplicy, who deplored the episode.

By attacking opponents who are trying to clear up the cloudy area existing between the PT and the CUT, the party is merely strengthening the suspicion that something exists beyond the official figures reported by those two organizations. According to the CUT's treasurer, Kjeld Jakobsen, income for 1993 will total about $3.76 million. Most of that amount—$2.16 million, to be exact—comes from monthly dues paid by the approximately 2,000 affiliated unions, which are required to turn over 5 percent of what they collect to the CUT. About $300,000 comes from the union tax, and another $400,000 comes from the so-called welfare tax. The CUT expects to receive about $900,000, or nearly 25 percent of its total income, from abroad. "That money is absolutely verified and reported to the Central Bank as required by law, and it is the result of projects submitted by the CUT to international labor organizations or nongovernmental organizations," says Jakobsen. But his figures do not agree with those of former treasurer Delubio Soares de Castro, who says that the CUT's 1992 budget was $12 million, or nearly three times what Jakobsen's arithmetic came up with, with nothing having occurred to explain such a sharp drop from one year to the next.

In terms of what it owns in its own name, the national CUT is as poor as a Franciscan. It possesses only two 1991 Voyage automobiles and 15 microcomputers. Two years ago, the national headquarters were moved from a big house in Sao Paulo's Vila Mariana neighborhood to an entire floor of the historic Martinelli Building on the corner of Sao Bento Street and Sao Joao Avenue in the heart of Sao Paulo's old downtown. But the building does not belong to the CUT. It is owned by the Sao Paulo Bank Employees Union, and the CUT is 10 months behind in its rent payments ($5,000), but there is no dispute about the arrears. It is merely part of the total debt of about $200,000 which the CUT claims to owe the well-off bank employees union.

It remains for the CUT to explain its expenditures and the subsidies it receives from its unions and from abroad. It is true that some of that money goes to Workers TV (TVT), which is registered as a nonprofit organization and occupies the CUT's former headquarters in Vila Mariana. The TVT is in charge of covering major events in the party and in Lula's candidacy. It has been accompanying Lula on his travels around the country. It has an editing unit, three portable cameras, and 12 permanent employees. Money from abroad is funneled through the CUT, an example being money from Dutch unions for the production of a TV course for training union leaders. When the time comes to produce the program, the CUT hires the TVT. At a cost of $58,000 per month, the TVT has been broadcasting a Sunday program called "Brazilian Outlook" on the Record Network since May. The program's guests are stars in the PT and in unions affiliated with the CUT. Production of the program involves 19 professionals, and it is sponsored by eight unions. That fraternal and disinterested commercial relationship between the confederation, the unions, the financial backers of training projects, and undertakings of benefit to the party (the TVT, for example), is independent of the trafficking in money.

That makes it easy for treasurer Jakobsen to say that "not a cent of CUT money goes to the party." The fact is that the PT's money does not add up to a lot, and it does not come directly from the CUT's coffers. The party hopes to end the year with collections of $678,240. Half

of that comes from its 30-percent cut of the gross salaries its congressmen receive and from its 10-percent share of the salaries received by PT advisers. State executive committees send in 15 percent of their party revenues, and another 35 percent comes from donations and drives to sell the PT label, which appears on everything from Christmas cards to backpacks. "It is clear that the PT has a scam going," says Deputy Jose Lourenco (PPR, Bahia). "It's just different." The PT is not known to be involved in the traditional methods of financing election campaigns, nor do any of its congressmen use their seats to enrich themselves personally. But there is a PT campaigning racket that cannot be left out of the debate in a country trying to make its public life more transparent.

At a meeting held at the end of last year, the education secretaries of all 27 Brazilian states reached the conclusion that in all, 1,200 teachers had exchanged their classrooms for activism in the CUT and the PT. During the last collective bargaining dispute in Pernambuco, for example, the CUT won the right to force the government to transfer 65 teachers to the union movement. The figure in Mato Grosso do Sul is 120. In practice, they are employees who, instead of doing the work they were hired for, are available for party activity. A good many of them have taken the union leader training courses given by the CUT with financing from foreign unions. "If we add the municipal secretariats of education, the universities, the health services, and the government-owned firms, it turns that at least 10,000 people are being paid by the taxpayer to work for the CUT and the PT," estimates Deputy Jose Jorge (PFL, Pernambuco). Considering that the average pay of a teacher—the worst paid category in government employment—is around $200, this means that by the end of the year, including social security charges, the CUT will have received a total of $39 million in help from the taxpayer. By coincidence, all the social welfare subsidies handled by Deputy Joao Alves (PPR, Bahia) and his dwarfs came to around $38 million annually. "That is a privilege that the other parties do not have, and it must be treated with the same seriousness as the budget case," the deputy says.

The PT's scam does more than use political middlemen paid for by the taxpayer. "Our problem is with its ties to the unions," says one congressman. Big unions such as the Metalworkers Union in Sao Paulo's ABC [Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul] region and the Sao Paulo Bank Employees Union help the party by printing its campaign brochures and posters at low cost. They also let it use sound trucks and, in at least one instance, they lent union money to its congressmen. In Manaus, Deputy Ricardo Moraes ended up being expelled from the party after all those practices became known. "The Moraes case is an example," says Amin. "By expelling him, the PT was admitting that there was corruption in the party, but it did nothing to get him removed from Congress." For example, according to Amin, the PT could have made representations to the officers of the Chamber of Deputies.

There is a similar case in Sao Paulo's ABCD [Santo Andre, Sao Bernardo do Campo, Sao Caetano do Sul, and Diadema] region. In Sao Bernardo do Campo, Police Chief Renato Porto is conducting a police investigation aimed at clearing up a $1 million fraud case in the Diadema municipal government. Between February 1991 and September 1992, two women employed in the Personnel Department, Marlene Ferrao and Claudete Magnani, paid salaries to 68 bogus employees. The $1 million that was embezzled represented 4 percent of the municipal government's budget. It reportedly ended up in the hands of one of Mayor Jose Augusto Ramos' secretaries for use in the election campaign by the PT candidate, Jose de Fillipi, Jr., who was elected last year. "Many people believe that all you have to do is belong to the PT to be considered a champion of morality," says municipal councilor Laercio Soares (PSB [Brazilian Socialist Party]), who headed a special investigating committee [CEI] looking into the case. The CEI concluded that the former and current mayor of Diadema had both been negligent. "None of the bogus employees was a member of the PT or an activist," says the current mayor, Filippi, Jr.

Lula's 'Generals'

"Rank"	Name	Remarks
Four stars	Aloizio Mercadante	The PT's sex symbol, he is tipped for the Ministry of Economy if Lula wins.
Four stars	Roberto Teixeira	Owner of the house Lula lives in. He seldom appears in public, preferring to work behind the scenes.
Three stars	Ricardo Kotscho	Adviser and friend, he is the leader's adviser but is not liked by the high command.
Two stars	Vicente P. Silva	Lula's successor in the Metalworkers Union, he belongs to the "Republic of Sao Bernardo."
One star	Jose Genoino	The PT's Gorbachev. His prestige abroad is greater than his actual participation in making decisions.
One star	Jose Dirceu	A former party bureaucrat, he lost power by not accepting a rapprochement with the PSDB [Brazilian Social Democracy Party].

For his part, the party's president and all-out candidate for president of the republic, Luis Inacio Lula da Silva, receives an official salary from the party. In November it amounted to 390,000 cruzeiros. The party also covers all his travel expenses and pays for two security guards, a driver, gasoline, and maintenance on the 1992 Opala given him by attorney Roberto Teixeira. The PT's other national leaders receive 50 percent of whatever Lula receives. Teixeira is a kind of patron of the PT's candidate. A labor lawyer in Sao Bernardo do Campo, he joined the board of directors of Transbrasil in 1989, the year of the presidential campaign. In addition to the automobile, he also gave Lula a 400-square-meter home with three bedrooms and a large backyard. According to a real estate firm consulted by ISTOE, the rental value is now 100,000 cruzeiros. The owner of the house does not grant interviews—except in writing—and he remains an unknown figure even to prominent PT members.

The political backing introduced by Roberto Teixeira is actually attracting imitators. The higher Lula rises in the polls, the more people try to apply a magnifying glass to his daily life. On the one hand, his opponents are looking for minor details that might compromise his candidacy. On the other hand, a number of businessmen are looking for details they can use to please a possible future president of the republic. On Lorena Avenue in the Jardins neighborhood, employees of the Caruso Tobacco Shop say they have already been selling boxes of Cohiba Lanceros cigars—the Cuban cigars preferred by the PT's candidate—to businessmen and bankers wanting to get cozy with Lula. One of the most recent purchases was made on the eve of the PT president's birthday on 6 October.

* Rapprochement Between Lula, Businessmen Analyzed

94SM0130B Sao Paulo ISTOE in Portuguese 17 Nov 93 pp 74-76

[Article by Carlos Jose Marques: "The Bogeyman Becomes the Prince"; introductory paragraph in boldface as published]

[Text] In the midst of the lack of credibility surrounding politicians in Brasilia, businessmen are starting to regard Lula as an option.

Into the sober offices of Abimaq [Brazilian Association of Machine Industries] in Sao Paulo walked a guest who was unusual, to say the least. It was 1830 on Monday the 8th. Working his way through hugs, handshakes, taps on the shoulder, and smiles, the PT [Workers Party] presidential candidate, Luis Inacio Lula da Silva, passed through the corridors of that venerable institution and mounted the speaker's platform in the auditorium. There to hear him were 250 businessmen responsible for a significant share of the country's GDP [gross domestic product]. The association's president, Sergio Magalhaes, took the floor and began the meeting. He went on the attack immediately: "We are welcoming you because of your chances in the upcoming elections, but the PT's platform is a modest one," he said. And he concluded by saying: "Your ideas are reactionary and corporatist, your plans harm us head-on, and your party is not a significant force in Congress, and that is bad." The contrast between the host's first tough words and the friendly initial welcome on the part of the members did not disconcert Lula. With serious voice, broad gestures, and scornful look, the seeker after support placated his listeners by saying: "We are not inflexible in our proposals, and our platform is modest because it does not even exist yet." He melted resistance. His listeners pacified, Lula threw them a few slogans. He said that the PT was not as corporatist as Abimaq—"something that is not a defect in a country with vulnerable morality"—and that judging from recent experience, a majority in Congress does not guarantee governability.

He left the arena to the sound of applause. Some in the audience tried to show greater reverence by standing up as he passed. "He is one of the few honorable politicians at the moment, and despite our ideological differences, he deserves respect," said one participant by way of justification. Because of its unbelievable nature, the scene appeared to have been pinched from a book by Franz Kafka, the Czech master of the absurd. It was not many years ago that the very idea of witnessing conferences in a spirit of rapprochement between businessmen and Lula was unimaginable. The industrial fauna was more inclined to head for Cumbica, the Sao Paulo airport that Mario Amato, former president of the FIESP [Sao Paulo State Federation of Industries], had suggested as the alternative if the PT candidate ever won. The situation has changed, and an intriguing question is growing stronger: who has changed, Lula or the businessmen? What, when all is said and done, is happening?

"We have all changed since 1989. We have changed, and so has Lula himself. Our positions are closer, although there are still doctrinal differences." The man who said that, Edson Vaz Musa, is no less than a representative of the most "Shi'ite" wing of the candidate's opponents: the multinational businessmen. Musa heads the Brazilian branch of Rhodia, a chemical complex that bills more than $1 billion annually, employs 8,700 workers, and generates about 400 products for the domestic market in Brazil alone. His conviction that a change has occurred is backed up by an unequivocal fact: more and more supporters of a market economy have come to see Lula as something more than simply someone interfering with their business. And they are interested in learning more about his proposals. The bearded bogeyman of another era also temporizes: "Businessmen are the lever of the modernization process; what country is going to scorn its companies?"

In this honeymoon period, the meeting at Abimaq was not unique. Three days later, on Thursday the 11th, Lula was once again enjoying a Chateaubriand steak with Madeira sauce and potatoes noisette alongside German, French, Italian, and British businessmen at the Trans-Atlantic Club in Sao Paulo with its beautiful views. This

time there were over 450 guests. Lula repeated his speech calling for a grand national project. It is customary on such occasions for the candidate to claim that his party is not going to implement a program from the top down and that instead, its various sectors will produce a consensus platform. It seems comical, but making due allowance and keeping political convictions in mind, Lula is trying, in his travels among the businessmen, to copy the style of assassinated U.S. President John Kennedy by using the hackneyed phrase: "Ask now what your country can do for you, but what you can do for your country." He is a long way from embodying the Brazilian version of a statesman—the similarities boil down to use of the same idea—but there is not the slightest doubt that he has been garnering support in territory previously populated only by unconquerable critics.

Lula's press office already has a list of 45 such meetings. Not only manufacturers and bankers, but also rural producers and merchants have been lulled to sleep in the minuet of dinners, luncheons, and breakfasts. Since the start of the year [1993], about 4,000 businessmen have agreed to attend these tete-a-tetes and hear what he has to say. There are only two possibilities: either a season of patent cynicism has begun on both sides, with kowtowing and bowing and scraping in face-to-face encounters but badmouthing when the other side's back is turned, or the lack of political credibility is bringing about a heterodox shock that is changing the way the two sides feel about each other. Congress, with which Lula broke his ties some time ago to begin his pilgrimage in search of votes, has become a cemetery for reputations. The administration itself does not amount to much more than that. In that political vacuum, Lula is taking advantage of the breach and gradually making his opponents' positions more flexible. Some of them already see him as embodying the role of a "broker of hope" selling credibility.

"We must recognize him as an honorable man who has distinguished himself throughout his political and union career as being a man of his word," says Pedro Eberhardt, president of Arteb Auto Parts, which bills over $130 million annually and employs 1,600. "He practices open dialogue and is open to all kinds of ideas," says Daniel Dazcal, president of Tec Toy, a toy company that bills around $168 million and launches an average of 250 new products every year. For a country that took a firm stand for prejudice by rejecting the idea that a former lathe operator could administer the world's eighth-largest—albeit staggering—economy, that is a surprising change of opinion. In the final analysis, Lula is trying to be the very image of a truce in the former gibes between capital and labor. Even stranger is the fact that the presidential candidate has retreated only slightly or not at all from his platform of antimarket proposals (see the end of this article). In theory, those proposals should destroy any possibility of an alliance between the two sides.

Contrary to predictions, even representatives of the banking industry and rural producers are turning out to be easy prey for the presidential candidate's political wiles. Take, for example, an episode that occurred last February, right at the start of his crusade to win over the businessmen, when he visited farm producers in the central part of the country. Lula was greeted practically with sticks and stones, but he turned the situation around. "We here are afraid of you and hate you," said Augusto Joao Gasparetto, a soybean producer who is the largest cereal producer in Chapadao do Sul in the State of Mato Grosso do Sul. And he continued: "It appears that you are bound to be the next president, and we are not going to lose our land after more than 15 years of work and sacrifice." But after 10 minutes of conversation around a gourd of mate, Gasparetto was already posing for photographs beside the PT leader. "I just told him that our goal is land that is not being worked," says Lula. The icebreaker with the bankers was along the same lines. Jose Baia Sobrinho of the Pactual Bank was one of the first to offer his home as the site of a picnic for the financial community and Lula. Two or three bankers were seen fraternizing with the man they had once viewed as their executioner.

The circle of people no longer considering him too hard to take has grown so much recently that even those one would not expect are coming to terms with him. The mythological American businessman David Rockefeller, who was visiting Rio de Janeiro about two weeks ago, said outright that international business was no longer apprehensive about the possibility that the PT might win the presidency of the republic in 1994. "It is necessary to look at Lula's political attitudes; in Brazil the man is sometimes more important than the party," he claimed. A few days earlier, other representatives of multinational firms had hosted a breakfast for Lula and liked what they heard. "I am in favor of policies for strengthening domestic capital, but that does not mean restricting foreign capital in our country," their guest said. Eighteen "big bosses" [in English] of foreign groups—among them Rudolf Hohn (IBM), Gerald Greene (Kodak), Heinz Mayer (BASF), Oscar Novo (Dow Chemical), Norbert Gmur (Ciba Geigy), and Jorge Nelson Rosas (Du Pont)—attended the meeting and congratulated him on the maturing of his stand. "What we knew about him was that he opposed foreign capital. That is not what we have seen here," said one of those who attended.

The profusion of events being organized is the result of coordination handled directly by a businessman who supports the PT's cause. He is Oded Grajew, an adviser to the Brazilian Association of Toy Manufacturers (Abrinq) and one of the coordinators of National Board for Entrepreneural Bases (PNBE). He has been the go-between for various contacts, having offered his personal services in scheduling meetings. "In most cases, we are approached by firms interested in hearing what Lula has to say," says Grajew. An average of two or three meetings per week have been agreed on over the past few months. And those who attend say they are satisfied.

"He is a very enlightened individual who is well acquainted with national affairs and listens to people's opinions," says Ladislau Brett, vice president of Vila Romana, the country's largest manufacturer of men's clothing (it bills about $40 million annually). "Lula is successfully getting rid of his bogeyman image," says Paulo Setubal, president of Duratex, which billed $225 million last year. "His conduct is admirable, and I have no fear of his candidacy," agrees Carlos Jereissati, president of the La Fonte/Iguatemi Group, one of the country's largest shopping center conglomerates.

The thing that has certainly contributed a great deal to Lula's successful pilgrimage is the image of a less radical good guy that the PT candidate has decided to adopt. Lula has traded in his poor man's open-neck shirts for Giorgio Armani suits. His anticapital blather has been replaced by a ditty in favor of the great national accord that will pull Brazil out of its crisis. He talks about more investments aimed at increasing the number of jobs. He makes suggestions for limiting trade deregulation on the grounds that doing so will save the domestic industrial plant. That is almost everything that many businessmen crave. His speeches on thornier subjects such as collective bargaining contracts and the punishment of oligopolies and monopolies have been put on temporary hold. The purpose is to avoid frightening the new clientele. The results of that wolf-in-sheep's-clothing tactic are as plain as day. Even the respected and all-powerful Roberto Marinho, president of Globo Organizations, has surrendered to the perfect packaging and had Lula over for a nice little chat. "The conversation was of the greatest importance," said Marinho concerning the meeting, which was one of the first to be scheduled, having been held at the end of last year. "We opened up to each other, and I heard very important things from him." Lula's reputation as a good talker has been confirmed on various occasions, but he still has a long list of unbelievers to convince. One of them, an executive in the automotive industry who prefers to remain anonymous so as not to upset his fellow executives, made this evaluation of the businessmen's growing interest in the PT candidate's proposals: "It can only be because they are at wit's end."

Lula's Primer

Here are the ideas that keep businessmen awake at night:

1. Agrarian reform, including the transfer of unproductive land.

2. Suspension of payments on the foreign debt and the related interest.

3. Programs to expand employment, with goals by sector.

4. A reduction in bank structures and in the number of branches.

5. Revision of the trade deregulation policy and of the Mercosur [Common Market of the South] agreement.

6. The breaking up of business cartels and monopolies.

7. Reevaluation of the privatization program.

8. The restoration of lost wages and the establishment of a new policy on wage increases.

Chile

Agreement for Antarctic Research Signed With Spain

PY2312000793 Santiago Radio Cooperativa Network in Spanish 0000 GMT 23 Dec 93

[Excerpts] The Chilean and Spanish Governments have signed an agreement to carry out joint projects in the Antarctic. This agreement will expedite scientific and anthropological cooperation as well as joint research projects.

Oscar Pinochet de la Barra, president of the Antarctic Institute of Chile, disclosed the details of the agreement:

[Begin recording] The Antarctic Institute, anticipating the signing of these agreements, has a Chilean and a Spanish team sailing to the Antarctic to carry out archaeological rearch on Livingston Island, where the San Thelmo ship sunk some 180 or 170 years ago. As this type of research has never been carried out before, it will be done so this summer season with very sophisticated, modern Spanish equipment. This is one of the many projects to be implemented within the framework of this agreement. [end recording]

As for Spain's contributions to this agreement, Pinochet said:

[Begin Pinochet recording] Spain will contribute with the great experience it has in discovering ships sunken centuries ago. [passage omitted] [end recording]

The agreement is designed to share information in planning activities in the Antarctic region and to give incentive to joint participation in scientific programs carried out by expeditions visiting the Antarctic. It also provides a mechanism for consultation and for the exchange of information, in order to avoid an accumulation of activities and excessive concentration in certain areas.

Colombia

* Commentary Examines Reasons for Uraba Violence

94SM0122A Santa Fe de Bogota EL TIEMPO in Spanish 25 Nov 93 p 4A

[Commentary by Enrique Santos Calderon]

[Text] Violence in Uraba is linked to the very origins of the area as an agroindustrial center. Until the 1960's, this

region in northern Antioquia and Choco was an inhospitable jungle inhabited by isolated Cuna and Colono Indians. They were then displaced by the banana boom.

In a process as rapid as it was discordant, Uraba became an export zone with vast, high-tech plantations, a place where economic power contrasted with the widespread poverty of the banana workers. During the 1970's, excessive exploitation of the banana work force and trade union persecution led to harsh conflicts that formed the roots of the current violence.

The initial social myopia of many growers favored the emergence of armed groups belonging to the Revolutionary Armed Forces of Colombia (FARC) and the Popular Liberation Army (EPL), which took over the banana trade unions in the 1980's and began to exert enormous coercive influence throughout the area. The tyranny of the *patron* gave way to guerrilla terror, which translated into widespread extortion of banana growers and the systematic murder of farm managers who refused to give in to the guerrillas' demands. That, in turn, led to the formation of paramilitary groups, with all of their well-known excesses.

Thus, in the last 30 years, Uraba has experienced all imaginable forms of political and social violence. And now, the drastic decline in international banana prices has produced an economic crisis that is causing unemployment and aggravating social unrest.

But the blood that is spilling on the banana plantations today has a new component. It is no longer just a question of the old labor-management, guerrilla-Army, or paramilitary-guerrilla confrontation, though those conflicts are still going on; now there is a campaign by the FARC and the Caraballo Group (the dissident wing of the EPL) to annihilate the members of Hope, Peace, and Liberty. That is, the guerrillas who persist in the armed struggle are battling those who have demobilized and opted for an open and legal political struggle.

It is a dirty and sordid war that has resulted in an astounding number of cold-blooded murders. Ten Hope, Peace, and Liberty sympathizers were gunned down in various places over a period of less than 24 hours. More than 80 have been slain this year in a brutal and savage extermination campaign that has to do with the struggle for political control of the region and has been stepped up as the elections draw near.

The leaders of Hope, Peace, and Liberty have unhesitatingly blamed the FARC and the Caraballo Group for these killings. And who benefits politically from the annihilation of a movement like Hope, Peace, and Liberty with its major following among trade unions and peasants in Uraba? The beneficiary is its most direct rival: the Communist Party-Patriotic Union (PC-UP), which is the other leftist party with popular influence in the region.

Uraba is practically the last bastion where the PC has a significant political-electoral presence, and all indications are that it is willing to go to any lengths to maintain that presence. In other words, it will resort to its old tactic of combining different forms of struggle, which has yielded results before in various parts of the country.

Breaking the back of Hope, Peace, and Liberty before the elections seems to be the watchword. And if there were any doubts about the campaign to eliminate all competition from other leftist movements, there is the accusation made recently by the Socialist Renewal Current (CRS), the dissidents of the ELN [Army of National Liberation] who want to operate legally, that the FARC was to blame for the recent murder of five CRS militants in Uraba.

The leaders of the PC-UP have denied the accusations, responding that the Hope, Peace, and Liberty people have also organized armed commands. Although they may very well have resorted to forms of self-defense in view of the massacre, there can be no confusion here about who are the real victims and who are the victimizers in this terrible wave of murders. Similarly, at this juncture there should be no confusion about how the old ties between the FARC and the PC, which many believe has become the political appendage of what used to be its armed wing, will work in the electoral process.

According to the simplistic view that some military and business sectors have of the situation, what is going on in Uraba is considered a war among subversives in which no death is to be mourned, no bullet wasted. This is a serious distortion that will only contribute to the confusion of responsibilities.

In Uraba, a region as rich and strategic as it is explosive, a battle is being waged that has implications for the entire nation. Aside from being a laboratory for all kinds of social conflicts and economic possibilities, it is the area where the guerrillas, who having laid down their arms and accepted legality, would like to participate in politics and promote their ideas for change within the framework of civilized rules.

But it is also the region chosen by the active guerrillas to promote a political-military program that would enable them not only to thwart the process of making peace with the reformed guerrillas, but also to establish themselves as a local power in a geographical hot spot.

It is the territory, in short, where the old and the new left are at loggerheads today: the left that abandoned totalitarian dogmas and seeks to win popular support in the nation, and the left that is still crouched down behind a rifle and insists on combining arms with the ballot box.

Ecuador

Government Expects GATT Membership by 1994

PA2312014493 Hamburg DPA in Spanish 2115 GMT 22 Dec 93

[Text] Quito, 21 Dec (DPA)—Ecuador announced today that it has officially requested membership in the General Agreement on Tariffs and Trade (GATT) just a few days after the conclusion of the Uruguay Round. For several years, Ecuador has been the only South American country that does not belong to GATT.

"Ecuador expects to be a GATT member in 1994," Foreign Relations Minister Diego Paredes said when expressing the Quito Government's confidence in a "rapid reactivation of international trade on the basis of pledges included in the final minutes of the meeting." Nevertheless, Paredes noted that the Uruguay Round results do not fulfill the expectations of the Punta del Este declaration," although he admitted that it was "the most ambitious multilateral negotiation round in the history of world trade."

At the end of 1992, just after the start of the liberal administration of President Sixto Duran-Ballen, Ecuador announced its intention to join GATT, explaining the delay as "a lack of timely decision by previous administrations." The Ecuadoran foreign minister gave assurances that despite not yet being part of GATT, Ecuador has "scrupulously" observed free trade rules.

Ecuador's entry into GATT was expedited by the EU decision to implement, beginning in July 1993, entry restrictions on Latin American bananas, a fruit that Ecuador is the main exporter of. The eight banana producing countries protested the protectionism, but Ecuador was unable to file a suit with GATT because it was not a member.

New Taxes Reportedly Will Increase Tax Evasion

PA2312022693 Quito Voz de los Andes in Spanish 2300 GMT 20 Dec 93

[From "The Voz Andes" newscast]

[Text] The Center for Studies and Analyses, CEA, has said that higher taxes in Ecuadoran society, the majority of which are state-run, will contribute to increased tax evasion and the number of informal business operators. Conservatively speaking, the collection of the new taxes would bring in approximately $700 million, but the government would fail to receive $190 million if no new taxes are imposed, CEA says. [sentence as heard] The generalized application of IVA [value-added tax] could triple the current collection, CEA concluded.

Paraguay

Last Part of President Wasmosy Interview

PY2212220093 Asuncion ABC COLOR in Spanish 16 Dec 93 p 10

["Third and last part" of interview with President Juan Carlos Wasmosy by Alcibiades Gonzalez Delvalle; place and date not given]

[Text] [Gonzalez] What is your opinion of how the press treats you?

[Wasmosy] Well, the press does not treat me with affection, and yet one must differentiate the levels. I would not speak about "the press," but rather about some of the owners and directors of mass media companies who aim their companies toward financial gain through reporters who are responsible, for example, for providing a headline for a piece of news. We thus often find that the headline of an article has nothing to do with its content. There are also journalists whose duty it is to collect information. They may act in good faith, but all of a sudden they are confronted with a subject about which they know nothing. This situation gives rise to misinformation. What makes things even worse is that mistakes are not then rectified through an appropriate clarification. The first case concerns a lack of training. I believe that companies invest very little in the training of their reporters. This is the conclusion I have drawn from everyday events that can be easily verified. I would like to make it clear, though, that I, like any other responsible citizen, ought to cultivate my mind every day in order to better discharge my duties. With regard to the second case, I believe it is something that has to do with ethics. Journalists want me to retract a statement I make whenever they deem it to be erroneous, and I wholly approve of this. Actually, I usually do this whenever it is on my conscience that I have made a mistake. Now I wonder, ought not the press to apologize when they have made a mistake as well? There is also another consideration concerning the subject of ethics. Some mass media owners simply do not publish an event if they happen to disagree with it, or if the said event goes against their interests.

[Gonzalez] Could you give the names of those owners or directors of the mass media, Mr. President?

[Wasmosy] There are not many newspapers or television and radio stations here in our country, but they are economically powerful. It is thus very easy to pinpoint them.

[Gonzalez] Allow me, sir, to insist...

[Wasmosy] I would like to make it clear that it does not affect me, Juan Carlos Wasmosy. I have a clear conscience, and I am used to facing up to every single situation, no matter how unfavorable it may be. I have never shied away from my responsibilities. I am going to

tell you a story. When Itaipu Binational Agency authorities—or rather, when the Foreign Ministry, headed by Dr. [Luis Maria] Argana at that time, and the Justice and Labor Ministry, headed by [Alexis] Frutos Vaesken—failed to rise to the occasion in bringing strikers at the hydroelectric dam to heel, we had to confront the situation ourselves, even though we had never failed to honor our commitments. As a result of this we not only lost face, but also exposed ourselves to slander and calumny.

[Gonzalez] That was when two workers were killed, wasn't it?

[Wasmosy] That's right. I wasn't even in the country at that time. Then they wanted to make me appear to be the murderer, the one who commanded "the massacre..." Anyway, I just wanted to point out to you that I have always been a fighter, and that I bear hardship without letting it break my spirit. This is why the taunts from the press geared at damaging Juan Carlos Wasmosy are in fact damaging the country's image, and that does really concern me. It is said, for instance, that my administration is made up of a bunch of criminals, etc., etc.; that our country is a haven for thugs.... Why don't those who level these accusations at us provide me with names? I am not asking them to do it in public if they do not dare do so in public. They may do so in private.

[Gonzalez] Would you take measures?

[Wasmosy] You may rest assured that I would.

[Gonzalez] Regardless of who it was?

[Wasmosy] Regardless of who it was... But I resent flippant and irresponsible mudslinging. I do not deem that a very Christian way to behave. Imagine what would happen when foreign newspapers, which print millions of copies, published these accusations. Nobody would want to come to invest in our country. We ourselves scare investors away when we distort our reality. We have set clear rules for the game; we have a balanced budget and a favorite climate for investments. Our country is considered by international organizations and agencies to be a pioneer because of the measures we are taking. And yet here there are those who, acting in a totally flippant and irresponsible manner, seek to distort our country's image. It seems as if they want to sink our country instead of putting it on its feet again among all of us. It is not that we are trying to conceal our problems. No, not by any means. But we want charges—clear and concrete ones—to be prompted by an interest in contributing to making the necessary corrections. By firing shots into the air, one not only wastes cartridges but may hit innocent people as well.

"It is Said" and "Reportedly"

[Gonzalez] Will you improve your relations with the press, or do you expect that the journalists will...?

[Wasmosy] No, I have already taken the first step. Not that I am seeking to improve my image, but in order to prevent the country's image—which is the only thing that really matters—from being stained as a result of mean interests.

[Gonzalez] And this first step?

[Wasmosy] I had lunch with the journalists who cover the presidential activities. I invited them, and talked to them as frankly as I am doing with you now. I do not plan to teach journalism to journalists. But I have the right, better still, the obligation, to protect the country's name. I invited them so that I could listen to them and they could listen to me. I talked for almost three hours. I believe the meeting yielded very positive results.

[Gonzalez] You normally have a very harsh concept of the media.

[Wasmosy] Only about some members of the media. About the news media owners who would not like to see articles published about them stating, for example, "it is said," that they are this or that, or that "reportedly" they have committed this or that crime. Unfortunately, however, this morbid sector of public opinion believes that simply by reading "it is said" or "reportedly," it means they have already been informed. This is an entirely irresponsible way of disseminating news. There is also something else. When these members of the media attack me and I defend myself, they make believe I am attacking the media in general. I cannot understand how some journalists believe they are the only ones with the right to express their opinions. As a common citizen, not as the president of the Republic, I have the natural and constitutional right to freely express my opinion. Some journalists and some news media owners want to silence me with the excuse that I attack the press. This attitude is excessively arrogant and immature. They want those whom they criticize to keep quiet. Worse still, they elude their responsibility by hiding behind the "it is said" and "reportedly" sort of reports. If there are problems, let us face them directly. If there are no problems, let us not create any. Not for Juan Carlos Wasmosy's sake, but for the sake of the country.

Citizens' Security

[Gonzalez] President, there is unrest among the people. Everyone is alarmed at the current level of criminality, and the situation is becoming increasingly more violent. What is your administration doing about that?

[Wasmosy] Together with the Lower Chamber we are implementing a pilot plan. Rogelio Salomon [not further identified] is helping me in that. We are organizing neighborhood self-defense groups similar to those being organized in Santiago de Chile. Why do we have to resort to that? Because, unfortunately, the National Police does not have the sufficient means to fight criminality. We can do nothing with only 11 vehicles. These groups' work is, for example, to conduct surveys—and they have already conducted them—collecting data on the number of people living every four blocks, their telephone numbers, etc...

[Gonzalez] Do the police conduct these surveys?

[Wasmosy] No, no, the neighbors conduct them themselves. Normally in these four blocks there is always a member of the Lower Chamber, the Lions Club, or any other institution devoted to serving others. Whenever there is a holdup, for example, the appointed persons will close off the possible escape routes, while another will call the nearest police station, the members of whom are in contact with the neighborhood. This is a way of helping the police fight criminality. When criminals realize that this system functions, they will think twice before entering neighborhoods that are protected by their own residents. Without minimizing the responsibility of many Paraguayans, we must admit that criminals from neighboring countries often commit their crimes in our country. When arrested, they teach other prisoners how to commit more crimes. To all these factors we must add unemployment, which is an extremely important reason for this increase in criminality.

[Gonzalez] And the police?

[Wasmosy] We are training our policemen, the young people, those who have guts, and who are willing to serve others. We are also resorting to the Paraguayan people as well as to friendly countries that are helping us. We have asked these countries, for example, to give us two helicopters for the police, which I hope will be in operation soon. Our city has grown a great deal, and criminals can escape the police easily. Let us not forget the entirely irregular fact that the law grants more support to the criminals than to the police. To fight organized crime, we all have to unite: the Executive Banch, the Judicial Branch, the Legislative Branch, and the people in general. If we do not unite to fight this scourge, we will lose the battle. I again criticize the media, particularly the press. To profit from advertising vehicles for sale, they are possibly helping to sell stolen vehicles, vehicles that to be stolen may have even cost their owner's lives. The press should be more responsible, and take the trouble to ask for the vehicle's title. If the vehicle has no title one may suspect that it has been stolen.

[Gonzalez] And several have lost their lives.

[Wasmosy] Exactly. What the government can do alone is very little. Nonetheless, some things are being done. We have started by giving more comfort to the policemen and to the military. We are giving them better food, better beds. We are now working hard to give them the appropriate equipment. As a result of our difficulties, we have to regret the death of policemen in the hands of criminals who are better armed than the policemen themselves.

Relations With Bolivia

[Gonzalez] Mr. President, we still have not discussed any foreign affairs issues. Several of these issues are still pending. Let us take the case of Bolivia, for example. Our past dictatorship entirely forgot this country.

[Wasmosy] It is true. We have discovered Bolivia after having mutually turned our backs on one another. Currently, promising prospects in the fields of trade, culture, and even science are being opened up. In the current times, when the economies of the world have globalizing characteristics, only integration and complementation will make us strong. We have a great deal to do with Bolivia. My administration and that of Bolivia complement each other perfectly; we are aware of the need to unite in an effort to make our peoples progress.

And with Argentina our relations are also very good. Unfortunately, regarding the Pilcomayo River issue, we could not reach a very definitive solution, because there is not one, but we reached a palliative solution. It would have been wonderful if we had been able to share the use of the waters. The technique Argentina used to control the Pilcomayo River, however, was not entirely satisfactory.

The problem of Paraguayans who live in Argentina are undocumented. We have made a special request to President Menem. We asked him to extend until the end of the year the deadline for these Paraguayans to make their situation in Argentina regular. With a great deal of good will, the Argentine Government has provided new opportunities for our fellow countrymen to comply with the Argentine laws. This sisterly country has therefore given many proofs of good will.

[Gonzalez] Here ends the interview. We hope to have been able to make known the president's ideas about some topics related to Paraguay's current and future reality, although it was done in a very swift manner.

Peru

Foreign Minster Goldenberg Interviewed

PA2212233493 Lima Frecuencia Latina Television Network in Spanish 1510 GMT 19 Dec 93

[Interview with Peruvian Foreign Minister Efrain Goldenberg by an unidentified reporter at the Frecuencia Latina Television studios in Lima on 19 December; from the "Counterpoint" program—live]

[Excerpts] [Reporter] Recently there have been important agreements between several countries: GATT and NAFTA between the United States, Mexico, and Canada.

To discuss this and other topics, this morning we have invited Foreign Minister Efrain Goldenberg.

Good morning.

[Goldenberg] Good morning.

[Reporter] How do we stand with regard to all these treaties? Are we outside, or looking at them, how do they affect us?

[Goldenberg] There are different situations in each case. For instance, in GATT we have active participation, which is very important for Peru. The conclusion of the Uruguay Round a few days ago allows Peru in the textile field—to mention only one of the most important—to have access to markets without the limitations, or with a gradual reduction of the limitations of the quotas we have had in the past.

[Reporter] GATT favors us?

[Goldenberg] It definitely favors us. The tariffs, the taxes to be paid in developed countries for Peruvian wool, for instance, alpaca wool and llama wool, have been drastically reduced, and all of those are advantages for the country.

Peru is one of the countries that has attained the creation of the category of small size textile producer; we are in that category. And the small size textile producers now have access to the advantages provided by GATT at a much faster pace than the large textile producers.

[Reporter] This is in the textile field. What other fields have benefited?

[Goldenberg] Agriculture. For example, in the agricultural field we have established the rights of countries that have the problem of drug cultivation, as occurs in Peru. It allows countries such as ours to undertake efforts to substitute those crops, while practically giving a letter of legitimacy, we could say, to the Peruvian thesis on crop substitution.

[Reporter] In the commercial field, it also means the quotas imposed, for instance, by the United States are over.

[Goldenberg] Not only in the United States, but there were quotas in Europe as well. The reductions will be gradual. Usually these processes do not take place overnight.

This will take place over a number of years, during which the world will gradually undergo liberalization. This is very important for us because we have made great efforts to liberalize and modernize our economy and often found that many of the developed countries were exercising protectionist practices, which was really incongruent.

[Reporter] What is our position regarding the Andean Pact?

[Goldenberg] It has been announced, [word indistinct] conversations of the commission, in light of the absence of two of the main negotiators, the representatives from Colombia and Venezuela, it was decided to extend Decision No. 321 until the end of April.

This automatically extends our bilateral agreements with the countries of the group and gives us a margin of peace and enough time to continue to negotiate. 30 April does not necessarily mean that we will take all this time, it is just a reference. In the meantime, an important meeting of the commission is scheduled to take place in January in Caracas.

[Reporter] Mr. Minister, what is the impact of human rights in countries such as the United States and Europe?

[Goldenberg] It is widely known that today there is universal concern for human rights. This is neither a Peruvian problem nor a Peruvian concern. It is a universal problem and a universal concern. We in Peru have had some problems in that area as a result of a very difficult war on terrorism. We have had, fortunately, isolated cases, but we have, doubtlessly, also had cases of human rights violations, probably, by the public forces. These cases are regrettable, they cause a bad impression of Peru and abroad, and we, logically, do everything in our power to counter that bad impression.

The main thing we can do in that regard is to enforce justice, bring the perpetrators to trial so they are sentenced, and, above all, keep such situations from being repeated. All this without forgetting the two basic elements. First, that these are isolated cases that compromise neither the institutions nor the state, as it is not a policy of the Peruvian State or of the institutions that form it.

Secondly—and maybe foremost—that, as we all accept it now, the greatest human rights violator in Peru is terrorism, the greatest violators have been the terrorists and, inasmuch as in the beginning there were some problems in getting the international organizations to recognize or accept this. Today it is a moot point. I believe that today the whole world knows that anything that may have happened in Peru has been an accident in response to the aggression and violation of human rights by the terrorists. [passage omitted]

[Reporter] Getting back to agreements and treaties, why was Peru barred from entering the Pacific Basin Community [PBC]?

[Goldenberg] Actually, that is not exactly true. Peru is, definitely, a member of the Pacific Basin and we give this enormous importance.

[Reporter] Because of our geographical location, perhaps, but Peru is not a member.

[Goldenberg] We carry out half of our trade within the Pacific Basin.

[Reporter] In addition, there are reports stating that the Pacific Basin will be the stronger axis of the international economy by the year 2000. The larger cities of the United States are even starting to look toward the Pacific Basin.

[Goldenberg] You tell me if this does not already have an impact on Peru if, as I say, 50 percent of our trade is with the Pacific Basin.

[Reporter] Precisely. Given our country's natural disposition, why were we not allowed in?

[Goldenberg] We are members of a couple of organizations within the basin. One is the Pacific Economic Council and the other is the Pacific Basin Economic Council; the PEC and the PBEC or something to that effect. I get mixed up with these acronyms sometimes. The only other country in the region that is with us in these organizations is Chile. Regarding our situation with the PBC—which is the institution, organization, or group you are speaking of—there just was a meeting in Seattle, in the United States in November, I believe. We sent an observer to the meeting; Marta Toledo, our consul general in San Francisco. She attended the meeting as a liaison and to gather information for the Foreign Ministry. They accepted only two new members during this meeting. The only members they accepted were Mexico and Papua New Guinea. Mexico is the first Latin American country to be accepted. No other Latin American country has joined. We are very interested in joining the group, as is Chile. Allow me to say that we are not sitting back on this issue.

One of the most important groups within the PBC is ASEAN. ASEAN comprises six countries and we recently opened embassies in four of those six countries. These four countries are Thailand, Singapore, Indonesia, and Malaysia. The two countries where we do not have an embassy yet are Brunei and the Philippines. We are thinking of traveling to the six countries on a working tour in the near future at the highest level. This is part of our campaign directed at joining the PBC and we are sure it will be successful. [passage omitted]

Jaime Yoshiyama Reelected Congress President

PA2312034493 Lima Global de Television Network in Spanish 0100 GMT 22 Dec 93

[From the "Global TV News" newscast]

[Text] In a plenary session held today [21 December], Jaime Yoshiyama Tanaka was reelected president of the Democratic Constituent Congress [CCD] with 50 votes of the 79 congressmen who attended the session. He is accompanied in the Board of Directors by Carlos Torres y Torres Lara, Victor Joy Way, and Andres Reggiardo as first, second, and third vice presidents, respectively.

Initially two slates were presented. One was headed by Yoshiyama and the other by Roger Caceres of Fenatraca [National Front of Workers and Peasants], supported by the FIM [Independent Moralization Front] and MIA [Independent in Action Movement]. This last slate was withdrawn due to disagreements over the proposed voting procedure.

Finally, election by individual position and not by slate was agreed on. The options were to vote for the majority slate or nominate some other legislator. Jaime Yoshiyama was reelected, accompanied by Carlos Torres y Torres Lara, Victor Joy Way, and Andres Reggiardo for the first, second, and third vice presidency respectively.

[Begin unidentified congresswoman recording] President Yoshiyama, First Vice President Torres y Torres Lara, Second Vice President Joy Way. [end recording]

After the swearing-in ceremony, the CCD president addressed the Congress.

[Begin Yoshiyama recording] I have always been convinced that within the CCD there are many people who can do a better job. That is why I feel very honored with the designation you have made. [end recording]

Industry Minister on 1994 Economic Outlook

PA2312005793

[Editorial Report] Lima Radio Programas del Peru at 1400 GMT on 18 December, during the "Saturday Focus" program, carries a 45-minute roundtable discussion of Peru's economic outlook for 1994 by Alfonso Bustamante, industry minister and president of the Council of Ministers, and reporters Dennis Vargas, Arturo Salazar Larrain, Ismael Leon, and Vidal Silva.

Vargas asks if 1993 was a productive year for Peru, to which Bustamente replies: "This year has seen the results of the programs applied by the government. I would like to recall that at the beginning of President Fujimori's administration three master programs were outlined: pacification, stabilization, and the structural reform programs." Bustamente remarks that the pacification program was reinforced by the capture of the Shining Path and Tupac Amaru Revolutionary Movement primary leaders. "We are currently living in a more peaceful nation," he noted.

On the stabilization program, Bustamante recalls the inflation rate at the beginning of the year and remarks on its progressive decline. Bustamente says inflation is one of the worst scourges that most adversely affects the destitute. Bustamante goes on to say: "There are 5 million Peruvians who live in extreme poverty, this is a matter of concern for us." In the past five years the government support for social programs declined significantly; to improve this situation foreign resources are needed. Bustamante indicates that it was only in 1993 that Peru had access to foreign funds. The social programs, he noted are financed with foreign and local resources. Internally it must be done with tax money and this is why the government insists on its tax collection program.

"At times, dialogue is interpreted as a sign of weakness," he noted adding: "The government is always willing to engage in a dialogue." With regard to the persons who are exiled, these he notes are self-imposed exiles, indicating that the doors are open for their return.

Salazar Larrain asks Bustamante to explain Peru's growth. Bustamante says that the GDP must be adjusted.

Bustamante remarks that for 1994, $4.5 billion soles have been earmarked for social, education, health, and justice administration programs. He notes that if there is inadequate tax collection the government cannot meet its basic commitments. In addition, Bustamente notes that international commitments must be hor ored. Part of the resources must be allocated to pay renegotiated foreign debt, he notes.

Vidal Silva notes that all Peruvians should be happy the 1993 GDP growth of 6.6-7.0 percent. "There is, however, a risk of getting overenthusiastic with a figure if it is not analyzed in its true dimension," Silva comments. More than 50 percent of this growth, he notes, is based on the fishing sector. "This is mother nature that has granted us this growth, not economic policy." The mining sector grew due to the iron, "the Chinese came and they made this sector grow." "Matters must be considered in their true dimension," Silva remarks.

Bustamante reacts to those comments by saying "all sectors have grown this year. You say that the fisheries sector, which had never grown before, grew and that is true. It is also a fact that the mining sector grew mainly but not exclusively because of the company. That agriculture grew due to mother nature, well, that is also true. But, what about industry, construction, commerce, and other sectors? We are growing in all the sectors. The truth is we are never going to be happy with anything. It is true that we started from a very low point and it is also true that we do not notice our growth yet. However, we are on a good road."

Silva comments on the Andean Group deciding to postpone its decision no. 321 on Peru for four months. He says none of the Andean Pact countries have been able to reform their commercial practices and macroeconomic policies in 16 months and asks: "How can we expect this to occur in four months—from December to April?" Bustamante recalls the reasons Peru left the Andean Group last year and mentions that "the common foreign tariffs were to have three levels starting in 1993 and we have six tariff levels right now. Second, the free trade zone requires countries to have similar economic policies. It is very hard to balance differences when energy cost 0.10 in a given country and 2.0 in others—a difference of 20 times." Silva interrupts him to mention that the minister is talking about subsidies to energy and fuel, which make products cheaper in those countries. He adds that Peru also has a subsidy with wages because they are so low that they become a kind of subsidy. Bustamante replies: "This is not really true. The export sector wages—the sector that is really competitive—are not so low. Those wages are totally competitive with the ones in the Andean countries."

Vargas says the United States has stated that it will not negotiate entry into NAFTA with individual countries and asks why, then, is Peru moving away from the Andean bloc? Bustamante answers: "We are not moving away from the Andean Group; not by a long run. The concept of the Andean Group as an economic bloc is the objective we want to achieve. To form a bloc, however, we have to establish economic policies that will enable us to make blocs, free trade zones, customs unions, and common foreign tariffs. The EEC has not resolved its problems; it has only reduced them significantly. That is what we are doing. The Andean Group is the most efficient bloc of countries in America. NAFTA is a new organization. The Andean Group has been in operation for 23 years. It has been improving gradually, despite its many problems. We will celebrate our 25th anniversary in 1994. [sentence as heard] We have made big strides and are really on the right path. Peru has a very clear integration vocation as a member of the Andean Group. We consider that all the countries in the group are our partners. We may have differences but we will overcome them in a civilized manner." The minister adds: "We have advanced in implementing an open market policy and have eliminated subsidies. We have an economy that is totally open and our producers are ready to export and to compete in the international market. Of course, there are problems ahead. It is a fact that we will not be able to coordinate our economic policies entirely. This is the work that lies ahead. However, we believe the Andean Pact economic bloc concept is our objective and we will further this line."

Vidal Silva mentions that he recently spoke to the EC ambassador who told him that Peru was one of the Andean Group countries that was not taking full advantage of the commercial benefits offered by the EC. Vidal Silva adds that he believes something similar is happening with the U.S. benefits for the Andean region countries. He asks the minister if Peruvian businessmen will be able to take full advantage of the benefits offered them. Bustamante says: "In the past, conditions in the country did not encourage foreign trade. Now we do have those conditions. Our economic policies are very clear. They allow Peruvian producers to look toward foreign trade." He adds that "it is true that Peru has not taken advantage of the benefits offered to the region in the past. Why? Because we did not have the conditions that allowed us to take advantage of them. Now, we are in conditions to do so."

Leon ends the discussion by asking the minister if the Bank of the Nation will be liquidated as workers have charged and reports have recommended? Bustamante answers: "The Bank of the Nation will not disappear; it will be reformed."

* Leading Jurist Urges Civilian La Cantuta Trial

94SM0143A Lima SI in Spanish 22-28 Nov 93 pp 16-17

[Unattributed interview with Dr. Jorge Avendano, president of the Lima Bar Association: "It Should All Go to Civilian Court"]

[Text] [SI] Dr. Avendano, every day more evidence emerges about the relationship between the case of the persons who disappeared from La Cantuta, that is being examined in military court, and that of the human

remains found in graves in Cieneguilla and Huachipa, that is being looked at in civilian court. It seems that this is going to end in a conflict between the two jurisdictions. Who should resolve this situation?

[Avendano] Whenever there is a dispute over jurisdiction, a conflict over jurisdiction or, what amounts to the same thing, a disagreement between ordinary or common law and military law, the Supreme Court resolves it. This is what the law says and this is the way it has always been in Peru. And in this case as well, if it comes to a question of conflict of jurisdictions, it will be the Supreme Court that decides.

[SI] But there is the precedent that everything involving the case of the disappeared persons from La Cantuta went to military court and everything seems to indicate that there are connections between La Cantuta and the remains discovered in Cieneguilla and Huachipa. Would this be the reason that the entire investigation was passed to military court?

[Avendano] Look, the situation is that the two investigations seem to be connected. On the one hand, the military court is investigating the La Cantuta case, and on the other, the civilian court is looking into the question of the remains that were discovered. It is possible that they are connected, so much so that I read in the newspaper that the military court had asked prosecutor Cubas for the evidence he has gathered, especially the DNA material that was developed in England. On this point, I believe that prosecutor Cubas can forward the evidence that has been requested of him, if it really is related to what the military court is investigating. But that he forwards the evidence does not mean that prosecutor Cubas must cease investigating what he has to investigate, because in the matter of Cieneguilla and Huachipa, the simple fact that cadavers have been found requires an investigation under ordinary law. Because other crimes might have been committed there, not only murder but also obstruction of justice, that is, against the administration of justice. And other crimes as well. In my opinion, the investigation under common law must continue.

[SI] There are some who believe that the presence of military elements suspected of having committed the murders would mean that everything would pass to military court.

[Avendano] Civilian law judges the military also. Military courts judge military personnel only when they commit crimes in the performance of their duties. If a military person steals or kills, that goes to civilian court. These then are the technical questions that the Supreme Court has to clarify when it determines jurisdiction. The military court is trying military personnel for crimes that might have been committed at La Cantuta and apparently there are four defendants, according to reports. That is correct. But prosecutor Cubas's investigation has to proceed independently. Now, if at any time the military court questions the jurisdiction of the civilian court and says that the case involves military personnel in the performance of their duties, then it will be the Supreme Court that decides. It seems to me that it would be very difficult for the Supreme Court to send the entire matter to military court because what prosecutor Cubas is investigating are common crimes, covered by the Civil Code.

[SI] But, the way everything has been going and the way that the justice system has behaved, everything seems to indicate that, in the end, the military court will take charge of both cases.

[Avendano] Well, you are right, because there have been surprising developments. If I am not mistaken, there was an assistant prosecutor who suspiciously declined to continue investigating the La Cantuta case, taking advantage of the absence of the chief prosecutor. If I am not mistaken, there has been a more or less obvious desire to bring matters before the military court. But I hope that the Supreme Court will rule according to the law, and that it keep very much in mind that when there are common crimes, then it is the civilian court that must conduct the investigation.

[SI] What would be your opinion if the entire matter were to pass under the jurisdiction of military justice?

[Avendano] It would be inadmissible for everything to go before military court. I am opposed to that. I have not seen the file nor do I know the details of the case. We lawyers have to see the documents to form an opinion, but from what I have seen in the newspapers, I do not believe it should pass into military jurisdiction. There could be civilians involved, there might not be only crimes committed by military personnel in the performance of their duties, but other crimes might also be involved, and this has to be determined by civilian court. In other words, I am not in favor of the entire investigation passing into military jurisdiction. The investigations under civilian law must continue, parallel to those conducted by military court and, eventually, evidence developed under one jurisdiction can be used under the other, but without abandoning the investigations by the civilian prosecution.

Divisions in Change 90, New Majority Viewed

94SM0144A Lima SI in Spanish 22-28 Nov 93 pp 19-23

[Unattributed article: "Seeking Unity"]

[Text] Engineer Alberto Fujimori had an angry meeting Friday night with the leaders of Change 90. Moments after the end of that meeting, he had another with the people from New Majority. The reason for these separate contacts is that AFF [Alberto Fujimori Fujimori] was aware that during the week, the members of his alliance had met to draw up a balance sheet of the results of the referendum, and the acrimony was great.

Fujimori was annoyed by these internal arguments that seem endless. The complaints of the Change 90 group

were a list of grievances, while the New Majority only tried to justify what was done during the campaign.

The truth is that the chief of state is worried about other things, in particular, his strategy to achieve reelection. As a result, these domestic squabbles irritate and infuriate him. The situation is clear: while the whiners are concerned with assuring their seats in Congress in 1995, he is concentrating on ideas to get himself out of the awkward situation in which the referendum left him.

Therefore, he delivered endless scoldings that night, and he ended by prohibiting both groups from speaking out on their disagreements: "I will reply on what should be done in the future. Under no circumstances do I want another San Roman [19th century Peruvian military officer and politician who took part in the wars of independence and was president of the republic from 1862 to 1863. He also created the national monetary unit, the sol.] to appear."

Fujimori's statements at the Pacific Fair calling for a National Accord are aimed at—as distinct from these internal squabbles—trying to escape from the complicated situation in which he finds himself.

The government's opposition will perhaps find it difficult to believe the words of the chief of state due to the fact that his arrogance has not disappeared and the authoritarian use of practical politics seems not to have changed.

But at the margin of the evaluation of the sincerity of the presidential proposal, it is important because it reflects a series of urgent problems that the government must face and resolve. And one of these new concerns is that he can no longer continue to place himself at the axis of political polarization, which would require him to change his style and language, to attempt a broader maneuver to win himself new allies.

Therefore the message at the Fair, broad though it may be, has very clear political objectives and goals, which have as their purpose not so much the desire to reach a "national accord," but to expand the area for alliances and maneuvers by the government. The 1995 electoral horizon is in sight.

Fujimori and his closest advisers are probably thinking that the need to enlarge their forces is a matter of life or death. Suddenly, more than one source has assured SI that the Palace is thinking about Rafael Rey Rey for the Ministry of Education, in the context of a cabinet reshuffle after the promulgation of the new constitution.

But the objective of creating a broader bloc goes much further. Kurt Woll and sectors of the Popular Christian Party and the Popular Action Party (AP) are the target. And the same is true of some members of the former Liberty Movement. It is known for example that on 31 October, Fujimori commented to a group of friends that Lourdes Flores could very well form part of this new group that he was prepared to create.

Fujimori's "accordist" initiative also has other goals. In a period prior to the promulgation of the constitution, such as the present, when the opposition is demanding certain constitutional reforms, such as those proposed by the opposition bloc in Congress, AFF believes that he must counterattack to avoid political damage.

The same can be said of the more radical proposals of the opposition sectors not represented in the CCD [Democratic Constituent Congress], that proposes the modification of the new text before it is promulgated.

The military front is another headache for the president. Fujimori needs to show, domestically as well as outside the country, that he can effectively cope with the military leadership and that he is not their prisoner.

Nevertheless, information in possession of SI indicates that so far there is a high probability that the three commanding generals of the Armed Forces will be retained. If that were true—it is also taken as certain that General Victor Alva Plascencia will remain as head of the Police—it would be very difficult for Fujimori to convince his potential new internal allies and friendly foreign governments of his determination to correct his authoritarianism and broaden his base of power.

The drop in the stock market and the need for investor confidence must also have been factors in the change to a more conciliatory tone. Capital is extremely sensitive to political instability, which is why Fujimori's tone seems designed to meet this concern.

The economic situation seems more urgent when it becomes obvious that the international organizations continue to be reluctant to make loans and the next negotiation between the minister of economy and the banks will be extremely complex. Fujimori must give them evidence of his desire to broaden his internal base and of his ability to shore up his coalition.

The intransigence of some positions of the international organizations, concerned over inadequate tax collections, leads them to propose an increase in the IGV [General Sales Tax] from 18 to 20 percent. The proposal seems preposterous, but it is on the table.

AFF and his closest associates have another problem that is complicating their lives: the disappeared persons of La Cantuta. It seems to be no accident that the conciliatory statement came at a time when prosecutor Victor Cubas Villanueva and his team conducted successful investigations at Huachipa that succeeded in discovering the graves of four of the disappeared students.

This new discovery undoubtedly faces Fujimori with new problems: order the arrest of the suspected murderers or leave them at liberty, support trial by a civilian court or incline toward military justice. The pressure will be continuous.

Without question the backdrop for these Palace maneuvers will be the next presidential election and the adversaries that are emerging.

Last week, for example, several possible candidates showed a desire to grab the spotlight. Hernando de Soto, president of the Liberty and Democracy Institute (ILD), launched a bold proposal for constitutional reforms through the popular initiative method. The central theme proposed by de Soto is that of democratizing political power as the only way to assure, according to the ILD, that the market economy will benefit everyone and not just the few. De Soto appeared, surrounded by several peasant leaders who previously had been active in leftist organizations, and centered his proposals on popular participation and decentralization. He also announced that there would be a meeting with the participation of 400 popular leaders on 18 and 19 December to discuss the proposals.

Carlo Bolona, who has also been very active, is marking out an area similar to that of the president of the ILD. He was at a meeting of businessmen in Piura last week and spoke of the need to make some adjustments in the economic program. He also said that tax readjustment should include elimination of the income tax and an increase in the price of gasoline.

These warm-up activities for an eventual presidential candidacy of AFF's former minister of economy have been well received in some business circles willing to imagine Fujimorism without Fujimori.

Warm-up activities have not ended there. General Jaime Salinas Sedo was practically launched by Javier Valle Riestra and Gustavo Mohme. Some AP leaders, such as Javier Alva Orlandini, reportedly support the initiative.

Daniel Estrada has also kept himself in the news with his criticisms of government centralism and is said to be working on the organization of a major meeting of representatives and officials from the southern part of the country.

The only one of the rumored pre-candidates who has not been active nor has gained any explicit support is Ambassador Javier Perez de Cuellar. After the speech by Fernando Bellaunde in which he called for a "more combative" personality as candidate for the presidency, Perez's eventual pre-candidacy is in decline but not out of the race.

Fujimori's conciliatory protestations have more than one motive and many explicit and hidden motives.

[Box, p 20]

Petition for Divorce

The New Majority-Change 90 alliance is undergoing serious problems of cohabitation. The meeting that completed "formula 44" on Monday, 15 November, in the "Jorge Abelardo Quinones" hall of the Congress, was not at all fraternal or peaceful. The announcement by Reynaldo Roberts, president of the CCD Commission on the Economy, to Expreso, to the effect that nothing had happened, tried to conceal concerns the size of a cathedral.

In fact, the meeting was tumultuous. If no blows were struck, it was because ladies were present. The accusations exchanged between the two groups were such as to satisfy the most scurrilous critic. The reproaches and search for scapegoats showed that, basically, the government parties have not learned anything.

The joint session of the government's allies was held to draw up a general balance of the elections of 31 October 1993. That these allies took stands in certain departments, such as Huancavalica, that were different from those of the government, shows how successful the legal left was in winning voter recognition and support for their positions. Antecedents going back 30 years are not enough to disqualify anyone.

"The alliance with New Majority was performed with forceps, because Fujimori had decided on our disappearance," was the opinion of several in Change 90. And they added: "The evaluation of the referendum is in fact an evaluation of New Majority, because they had the leading role in the campaign."

The Change 90 representatives claimed to be 16 in number, but there is now a deserter, Gilberto Siura, "who passed over to the New Majority of the whites."

During the discussion, affronts against Change 90 by Alberto Fujimori and Jaime Yoshiyama were mentioned repeatedly, including trips to Japan that are awarded only to New Majority members. It also emerged during the discussion that the New Majority intends to remain in the presidency of the CCD, or turn it over to Rafael Rey of Opus Dei.

What became obvious during the Monday session, that lasted from 0900 to 1200, and during the Thursday session, which was not attended by part of Change 90, was that there are three positions in Change 90:

1) That of the radicals, who propose dissolving the alliance and making the break public. This is the position of those who are tired of "being taken advantage of, despite having done all the work in the referendum, while the New Majority people got all the money."

This group believes it was a mistake to have had two persons of European origin, like Rafael Rey and Kurt Woll, as standard-bearers. They would have preferred "two alpacinos," they say, "meaning a mixture of alpaca and Chinese." Those who hold this position say that they are going to vote in favor of the constitutional charges against Carlos Bolona, ex-minister of economy, and Luis Serpa Segura, president of the Supreme Court. "If, as the saying goes, the innocent have nothing to fear, then Bolona and Serpa Segura have nothing to worry about," say these members of the majority.

One hot-head added: "Some people go to prison for stealing five new soles, while those who steal millions from the state have prosperous businesses and companies because they are people of the government."

2) That of the moderates, who propose that changes be demanded while maintaining the alliance. They ask certain conditions: a) that a member of Change 90 be president of the CCD; b) that the most important commissions be headed by Change 90 members; c) that direct coordination be established with Fujimori for the approval of laws proposed by the executive and by the legislative branches.

3) Those who propose breaking internally with New Majority, but without making a public fuss, making it evident however through votes in the CCD.

A congressman from Change 90 expressed the sentiment of his colleagues when he said: "There are not only constitutional charges against Bolona, against Rafael Rey, against Serpa, against Alan Garcia. There is a very delicate matter that demands a decision: the case of La Cantuta. Not just because it embarrasses us, but because the image of the country and the government are involved. We have no responsibility in this."

In sum, the alliance is not yet dissolved, but the divorce petition is filed.

[Box, p 22-23]

Like in the Guano Days

They say that history repeats itself, first as comedy, and then as tragedy. Just as happened with the guano debt bonds that represented one of the major scandals of the last century, on this occasion the CCD has authorized the use of Peruvian foreign debt instruments for the privatization of state-owned companies.

This law was promised by Minister of the Economy Jorge Camet to the Banks' Creditors' Committee (Steering Committee) in New York on 19 September. It was passed in record time; those with good memories who follow the proceedings of the CCD Commission on the Economy recall that similar speed was displayed with the Fonavi [National Housing Fund] law, which turned out to be the self-inflicted wound of the referendum.

Reynaldo Roberts, president of the Commission on the Economy, spoke publicly a few days ago against the possibility that the law might permit brokers, the major players in finance, who bought bank shares when they were quoted at 5 percent, to have the same rights as the banks or the original owners. Nevertheless, during the debate on Friday, 19 November, Roberts was silent in all languages. He was a different person. Manuel Moreyra, the measure's most lucid opponent, asked that the government's supporters postpone the debate so that Jorge Camet could come to Congress to explain the benefits of the proposal. Only the negotiator of the debt, Jorge Peschiera, was present on the floor of the chamber. The government side ignored Moreyra's request.

Carlos Torres y Torres Lara, in words that deserve to be recorded for history, said that Peru should honor its debts 100 percent, without reductions, because we are not beggars who ask for discounts. What he said was incredible. According to the distinguished congressman from New Majority, Bolivia, Mexico, Costa Rica, Brazil, and Argentina, who have reduced their debt to commercial banks under the Brady plan, are not respectable nations. Much less, then, Egypt and Poland, which under the "terms of Toronto" were able to reduce their official debts with foreign governments by 50 percent, negotiated at the Club of Paris.

The law as passed not only allows debt to commercial banks (Steering Committee) to be used to buy state-owned firms, but also instruments of debt to suppliers, to the Club of Paris and to the former socialist countries. All instruments are valid whether they are short, medium, or long-term. All told, about $12.5 billion in debt instruments.

The Commission on Private Debt (Copri), headed by Minister Daniel Hokama, in the final analysis will determine how much of the payment must be made in cash and how much in debt instruments. The law requires that at least 10 percent of the base price for companies must be paid in cash. On the other hand, the Directorate General of Public Credit will evaluate in advance the debt instruments to be paid for each privatization.

With the approaching electoral campaign, the mechanism of using foreign debt instruments for privatizations could take on the same odor as the MUC [Standardized Exchange Rate] dollars during the final stage of the previous government.

If the MEF [Ministry of Economy and Finance] and Copri continue to operate as they have so far, the process will take quite a while. If one adds to this the lack of transparency that Copri has shown in informing the country about what the funds obtained from privatization are spent for and, as pointed out by Congressman Mario Ocharan of the Budget Commission, the refusal by Copri to reveal details about its administrative expenses (salaries, consulting fees, travel expenses, allowances, etc.). It is easy to see this use of debt instruments turned into an election issue.

Faced with continued insistence from the press, President Fujimori replied on Thursday, 17 November, in Arequipa, that the proceeds from privatization will go into an individual fund. However, the law is clear in pointing out that these funds can only be used to eliminate poverty and for the pacification of the country. To guarantee this use, the budgetary practise requires Vice Minister of the Treasury Alfredo Jalilie to open a special account in the Treasury, as is done with Fonavi. This has not been done. The government continues to avoid saying whether or not it has used these funds to

purchase computers, surveying instruments, sewing machines and microscopes, in the Peoples Republic of China.

According to Moreyra, the law also grants the domestic debt of foreign companies the same status as foreign debt instruments. At this point, one can only ask the reason for this discrimination against the domestic debt of Peruvian-owned companies.

Next Wednesday, 23 November, Minister Jorge Camet will travel to New York with his law under his arm for his appointment with the Steering Committee. The obsequiousness shown by the CCD in rushing this law through only contributes to weakening Peru's negotiating position. Manuel Moreyra advised during the debate that if the discussion were postponed, the minister's negotiating position would be strengthened instead of weakened. Once the bankers saw the CCD's independence, they would have moderated their demands. He was ignored.

The virtual tie in the outcome of the referendum has formally weakened the government in its dealings with the multilateral organizations. According to credible sources, the right to legislate on tax matters that the CCD has authorized originated in pressures exerted in recent meetings with the IMF mission.

The government is said to have committed itself to increasing the tax rate from 8.8 percent, as appears in the 1994 Budget Bill, to 12.5 percent. The IMF technicians expect that this increase will speed up payments on the foreign debt.

Another reported commitment that will surely upset many is to increase the IGV from 18 percent to no less than 20 percent. If this IMF demand is enacted, Jorge Camet will ruin the health of his friend Juan Antonio Aguirre Roca, president of the CONFIEP [National Confederation of Private Business]. In order to prevent any tax surprises, prior to Friday, November 19, Reynaldo Roberts , president of the Commission on the Economy, had inserted an article in the proposed bill to the effect that no new taxes would be levied, but it was eliminated in the final text. The IMF had pressured Camet to eliminate all forms of tax exemptions, such as the exemption still enjoyed by interest yielded by capital or other investments.

What will the government do, faced by this pressure from the IMF?

Venezuela

Seven Coupist Officers Released, Returned to Service

PA2312044893 Caracas EL UNIVERSAL in Spanish 22 Dec 93 p 1-18

[Report by Berenice Gomez Velasquez]

[Text] Seven Air Force officers were released and reintegrated into military life after a court-martial decided to revoke the arrest warrants issued against them for rebellion, it was reported yesterday at the military courts.

The officers of the FAV [Venezuelan Armed Forces] who were released are: Lieutenant Colonel Dalmiro Pastor Melendez, Major Norbis Jose Anez Valbuena, Captain Jose Almerida Gonzalez, Capt. Wagner Espinoza, Capt. Alonso Javier Ortiz, Capt. Alexis Jose Colina Sanchez, and Lieutenant (Asdrubal) Gutierrez Graffe.

Not a Pardon, Just a Right

The court-martial decided to revoke the arrest warrants issued by one of its magistrates, Navy Capt. Freddy Vivas Pacheco, who acted as the instruction judge for the case, the equivalent of the lower court. This procedure is contemplated in the Code of Military Justice as the chiefs of that aborted coup attempt are two rear admirals and a brigadier general.

In the decision to revoke the arrest warrants it was reported that the unanimous criteria of the four remaining court-martial magistrates is that there is no evidence to back the arrest warrants against those seven officers for rebellion. The other seven officers who had requested the revision of the arrest warrants remained in prison because the court confirmed them.

It is important to point out that in these releases, which are absolutions, there was no pardon and imply their reinstatement to military life.

A Victory for the Defense

The majority of these officers who have been set free were defended by the team made up of former military judges, retired officers, and lawyers Gustavo Cedillo Vaz and Luis Moros Ghersy.

In spite of the many pressures to which the accused of the 4F [4 February 92 coup attempt] and 27N [27 November 92 coup attempt] are being subjected so that they request their discharge, the court-martial, thus exercising its autonomy, disregarded the pressures, enforced justice, and revoked these arrest warrants, said lawyer Gustavo Cedillo Vaz.

This decision, he added, guarantees the reinstatement of these officers to the full use and enjoyment of everything being FAV officers implies, their job, rank, and even their time in the institution, as well as their position on the promotion list remains intact.

These liberations are absolutions, which have nothing to do with pardons or magnanimous graces. It implies that, legally, there is nothing against them and, therefore, they can never be tried for that crime, said Cedillo Vaz.

Central Bank Issues Annual Report on Country's Economy

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[Text] Caracas, 21 Dec (AFP)—The Venezuelan Central Bank (BCV) reported in its end of year report on Tuesday that the Venezuelan economy only grew 1 percent in 1994 [year as published], a much lower level than 1992 (6.8 percent) and 1991 (9.7 percent).

The BCV blames the drop in decreased GNP growth, a cutback in public spending, and weak productive investments. The results show a 1.7-percent drop in the nonoil GNP and a 3.4 percent growth in the oil GNP.

The annual inflation rate was estimated at 46 percent, the highest since 1989 when the consumer price index reached 84.5 percent. According to the BCV, the effect on inflation due to the recently created 10 percent value-added tax (IVA) for wholesalers was moderate—1.9 percent in October and 0.6 percent in November.

The balance of payments, although negative, registered an improvement compared to 1992, closing the 1993 current account with a $1.8 billion deficit compared to the $3.365 billion the previous year. Nevertheless, the capital account registered a $1.329 billion surplus, much less that 1992 when it reached $2.822 billion.

Imports dropped 10.2 percent and nonoil exports increased 19.2 percent.

In addition, private sector net capital income amounted to approximately $751 million.

The average commercial bank interest rate was 63.2 percent for assets and 53.9 percent for liabilities.

The public sector financial deficit was 187 billion bolivares (about $1.764 billion), representing 3.5 percent of the GNP, and international reserves amounted to $12.5 billion.

The BCV highlighted that oil, the country's main source of foreign exchange, has significantly diminished its contribution, especially due to international market difficulties. "Oil, which contributes less and less every day, in the past financed 70 percent of public expenditures. In 1994 estimated oil income will hardly cover 40 percent of public expenditures," the report states.

The BCV also warns that for next year the central government's financial deficit could exceed 500 billion bolivares ($4.716 billion), which would represent 7 percent of the GNP.

The BCV recommends an increase in the privatization process, a treasury clean up, improved public spending productivity [as published], increased collections through direct and indirect taxes, and reviewing existing subsidies.

The BCV is hopeful on the results of next year's application of a new banking law that establishes broader financial operations and allows foreign investors to take part in the country's banks or for foreign banks to establish themselves in Venezuela.

Lastly, the BCV calls on the government to create a foreign trade bank, to reform market capital and insurance laws, and to establish new modalities for financing the agricultural sector and medium and small sized businesses, the most depressed areas of the country's economy.

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